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THE NEW YORK STATE LEGISLATIVE BUDGET
FOR 1917

BY

JOHN L. KEDDY, A. M.

Submitted in Partial Fulfillment
of the Requirements for the
Degree of

DOCTOR OF PHILOSOPHY

IN

THE FACULTY OF POLITICAL SCIENCE

Columbia University

1917

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PREFATORY NOTE

There is a growing interest in budgets everywhere. This is evidenced by the creation of some budget system in nearly half the state governments of the union. This monograph is a record of the recent progress that has been made in New York state towards a more definite budget system. It has not been rapid because New York with its great material resources and revenues, and its huge expenditures is necessarily conservative but it is moving in the direction of better control of its financial legislation.

The Bureau of Municipal Research discovered over ten years ago that the most effective check on bad and wasteful administration of the affairs and government of the city of Greater New York was to be had through improvements in budget procedure. Every step in the direction of an executive budget that is the centralization of power to appropriate or get funds in the hands of a few persons openly and publicly responsible for planning for the expenditure and publicly accountable for the actual spending of those funds has meant a cleaner and more economical government,—one in which the taxpayer gets a maximum of return for his sacrifices. For that reason the Bureau has advocated and still urges the principles of an executive budget upon the legislature of the state.

The Bureau found the finances of the city and the state so interrelated in many ways that as a part of its attempts to improve the methods of the government of the city it was compelled to undertake the careful analysis and study of the methods of many departments of the state government and especially of the financial legislation and administration of the state.

The results of these studies have been published in a series of documents prepared primarily for the State Constitutional Convention of 1915. A careful review of all the appropriation and revenue bills in the legislative session of 1916 and their legislative history in some detail was prepared by the Bureau staff under the leadership of Dr. Birl E. Shultz, and published in *MUNICIPAL RESEARCH*, No. 72 and No. 80. In the following pages similarly Mr. John L. Keddy of the Bureau's Training School for Public

Service, with the active assistance of Mr. Charles F. Kerrigan who represented the Bureau at Albany during the session of the Legislature of 1917, has given a detailed analysis and history of the legislative proposals of 1917 with respect to all appropriation and revenue acts.

A special impetus to the movement to improve New York's financial methods was furnished by the discussions on the necessity of a budget system in the Constitutional Convention of 1915.¹ The views advanced there have since led to much study, much comment in the press, several sharp conflicts between Governor Whitman and the legislature, and have brought about a substantial betterment of conditions with promise of greater changes in the near future.

While the proposed constitution was not adopted, the emphasis placed upon the financial reforms it proposed has borne fruit in accomplishments by act of the legislature and the governor. With a courage which previous executives had not displayed, Governor Whitman took the leadership over financial measures into his own hands in preparation for the session of 1916. Realizing that to wait upon the enactment of legislation to give him authority would mean the probable loss of a whole year, he assumed the powers that he expected to obtain and in the fall of 1916 he named a "budget conference" composed of several experts and personal representatives of the governor and directed them to set to work immediately.

The governor's budget conference gathered much material about the needs of the state for the year 1917, held hearings, received requests from all departments and made its report before the session opened. Governor Whitman thereupon transmitted to the legislature a strong financial message accompanied by a complete appropriation bill in a new and improved form which the legislature was urged to adopt. This in itself was an achievement, in that the chief executive had asserted leadership, had set a total of appropriations which in his opinion at the time was sufficient for the year's appropriations and had set up a definite program for the legislature to work upon.

The program of the Governor was not accepted in full by the legislature.² Indeed it was not pressed vigorously when the Governor discovered the strength of the political opposition to it.

¹ See MUNICIPAL RESEARCH, No. 62, June, 1915.

² See "History of the Appropriations in the Legislative Session of 1916, New York State," MUNICIPAL RESEARCH, No. 72, April, 1916.

The law making branch was not ready to yield any of its prerogatives in playing with the community purse. For one thing, Governor Whitman had proposed a method whereby he would have much power over the financial management of state affairs after the appropriations had been made and the legislature had adjourned. This proposal was that the governor should have the right to authorize transfers in effect between certain items of appropriation of the same kind, thus allowing some flexibility in the direction of expenditures subject to central control. This proposal went to the root of the budget situation and would have been a long step forward towards a real executive budget system. The legislature would not grant any such power to the governor and made that plain in unmistakable terms.

While the more far-reaching proposals of the governor were either ignored or actively combatted by the legislature, certain suggestions made by him were adopted or have resulted in certain changes in legislation and administration that are likely to be lasting. One of these was his insistence that the full light of publicity be thrown upon the appropriation items. Much more information has been given to the public regarding the appropriations than ever before. One result however, has been the production of an unduly itemized or segregated act of appropriation which, although it does list most of the items of expense so that he who runs may read, yet has inherent defects that prevent flexibility in administration and provide no incentives to economy on the part of spending officers.

The adoption of this minutely segregated form of appropriation act was due more to the stress of circumstances and rivalry between the executive and legislative branches than to any deliberate design. Its use is unfortunate but it is believed that it is only temporary and in a measure transitory. Just how it came into being is described in *MUNICIPAL RESEARCH*, No. 72, the "History of Appropriations in the Legislative Session of 1916, New York State," and the results of this year's operations (1917) are described in the following pages. It was not originally sponsored by Governor Whitman and it was denounced this year by Senator Sage, chairman of the Senate Finance Committee. There is ground for hope that it soon will be abandoned. Its effectiveness as an agency of publicity may still be retained by minutely itemizing schedules of expenditures while at the same time making the actual appropriations in flat lump sums that are subject in the main to the itemized schedules

with provision for some means of modification within the various classes of appropriations upon the approval and with the consent of a central responsible authority. As soon as the governor and the legislature can agree upon the composition of the central authority and upon the method to be employed, the segregated appropriation act will be a thing of the past.

A distinct improvement in the form of the general appropriation bill for the support of government which was proposed by Governor Whitman has been adopted by the legislature. This is the classification of expenditures into sixteen main divisions. Instead of the old "maintenance and operation" classification in the institutions, for example, which was almost meaningless, the expenditures are now classified under such items as "food," "fuel," "clothing," etc., so that a comparative basis may be afforded for a critical review of the financial management of institutions and departments. While authorities may differ as to the most effective form of classification, the fact remains that the form proposed by the governor is immeasurably superior to the old unscientific set-up, and as the years go on the benefits of this improvement will be cumulative. The adoption by the controller of definitions of these classifications and the submission of requests for appropriations according to these definitions has rounded out what may become a most important part of a budget system for the State of New York.

The legislature has also put a great deal of thought into attempts to improve the procedure for appropriating money out of the state treasury and has a number of achievements to its credit in the past two years. Although its measures have been criticized by students of public finance and at times justly, the working out in practice of the Sage-Maier "legislative budget" law has developed a number of good points.

One of these is the radical change in procedure which was made in 1917 and is described in full in the following pages, by which the general appropriation bill was completed and introduced by the middle of March, was left open to all the members for inspection for two weeks, was amended in open session on the floor and advanced to final passage only after opportunity had been given for criticism. The opportunity, however, was not availed of by the members of either the minority or majority, with a single exception. Unforeseen political conditions due in large measure to the World War undoubtedly worked against the extended consideration that might otherwise have been freely given to the

bill. Another advantage derived from this procedure was that the general appropriations were passed by the legislature and sent to the governor and acted upon by him before the legislature adjourned so that the revenue measures could be considered with a knowledge of what the state's authorized expenditures approximated. This whole procedure was new in the history of state finance and it has set a precedent which other and succeeding legislatures will do well to follow.

The failure of individual members and particularly of the minority to employ the parliamentary procedure available for a detailed examination in public of the general appropriation bill introduced by the finance committees should not obscure the potentialities of the new method. There was nothing to prevent any alert member who was disposed to be critical from demanding an explanation of the entire bill, item by item if he were so inclined and producing a situation where the heads of departments would have been called before the house for an explanation and defense of their requests for money.

While the net result, owing to the apparent indifference of the minority and individual members, was that the two chairmen of the finance committees actually exercised almost complete control over all appropriations, there is no denying that the procedure permitted more extended discussion and greater opportunity to defeat the plans of the leaders than had ever before been possible.

This review indicates that the State of New York is slowly progressing but that it has not by any means perfected a budget system either "legislative" or "executive." A number of the advances made have established precedents that will probably be followed for many years. These changes may be retained when a complete budget system is established as they are useful in any event.

To sum up the developments of 1916 and 1917, it may be said that neither an executive nor a legislative budget system is now in force but a sort of hybrid system which has brought about certain improvements in the technique of budget making but which lacks many essentials of an effective system of financial control. Both the gains already made and those still to be made which, it is believed, can be attained under the present administration, may here be summarized briefly as follows:

Advances That Have Been Made in Two Years

The executive has gathered information about the financial condition of the state and has made an analysis of it in advance of the action of the legislature

The executive has assumed personal responsibility for making public recommendations of the amounts that should be appropriated

The executive has inaugurated a permanent staff bureau to advise him on budgetary matters

The executive has recommended and secured the adoption of a classification of expenditures which permits making much closer comparisons for the purpose of critical review

The executive has set up schedules of items requested which afford much greater publicity on the state's business

The legislature has created a permanent staff bureau to assist the finance committees in their consideration of proposals and requests for appropriations

The finance committees of the legislature have furnished much more information to the public and all members about requests for appropriations and amounts recommended than ever before

The legislature has adopted a procedure which enables members and the public to raise questions about the amounts to be appropriated for at least eight days before the general appropriation bill can be passed

The legislature has disposed of the general appropriation bills before the end of the session so that the revenue program may be considered in relation to the amounts of expenditure actually authorized after the governor has acted on the general appropriation bill

Steps have been taken through the insistence of the comptroller, towards the establishment of a central purchasing bureau for the state by the enactment of a bill directing that a study be made of the subject and plans for the creation of the department submitted

For the year 1918, the governor, comptroller and legislative joint budget committee agreed on one set of uniform blanks to be sent to all departments to obtain the requests

for appropriations for the ensuing year. These blanks contain a number of changes that are in the nature of improvements in the amount and character of information they furnish both the legislature and the public concerning the amounts needed to carry on the various departments of the state government

Advances That Should Be Made

Whether the executive budget which fixes direct responsibility for the business of the state is ultimately adopted, or the legislative budget, or whether the present compromise between them is continued, certain improvements in procedure and methods which seem desirable under any system should be put into effect as follows:

- 1—The greatest need is intelligent planning of work to be done and of methods of financing the work. The creation of the hospital development commission with a ten years' program, is an important step in this direction but its control instead of being in the executive is in the legislative branch. This is an executive function and the governor should have the staff to exercise it
- 2—All three existing budgetary agencies should study the problems presented by the sinking fund surpluses. The manner of appropriating moneys to these funds should be changed so that the excessive surplus may be availed of and the annual contribution from the taxpayers reduced by some \$3,000,000. A constitutional amendment should be presented to the people provided the opinion prevails that this result cannot be accomplished by legislation
- 3—The development of a work program is necessary. This should contain more than a list of construction items or of personnel. It should tell the citizens in plain language what the state plans to do with the money requested during the next year in every department and institution. As aids to intelligent judgment it should include the per capita costs of institutional care and unit costs of work done and proposed
- 4—The extremely itemized form of appropriation should be abandoned. Appropriation requests should be itemized and the expenditures authorized should be subject to controlling itemized schedules, but some discretion should

- be allowed to administrative officers in spending in order to encourage economical management instead of preventing it
- 5—The “blind spot” in appropriations for construction should be eliminated by showing how much has already been authorized, appropriated and expended on every project
- 6—The threefold collection by the governor, comptroller and legislative committees of requests for appropriations should be discontinued and the three bulky and expensive volumes of “Requests for Appropriations” should be consolidated into one
- 7—The law which requires the comptroller to collect, compile and publish the requests for appropriations should be repealed
- 8—A system of uniform accounting for all departments and institutions should be established. Without it, appropriations cannot be intelligently compared. It is understood that such a system is planned by the comptroller
- 9—The standardization of the civil service of the state should be effected so as to relieve the legislature from the consideration of routine promotions and increases in salaries and place this control with the administrative officers where it belongs
- 10—A minority auditing committee should be established to give the members of the minority first hand knowledge of the finances of the state and to develop intelligent criticism
- 11—Special appropriation bills should follow a legislative procedure similar to that required for the general appropriation bill. No appropriation bills, excepting emergency and deficiency bills should be introduced after March 15.

SAMUEL McCUNE LINDSAY,
Director, New York State Work.

NEW YORK CITY,
DECEMBER, 1917.

THE NEW YORK STATE LEGISLATIVE BUDGET FOR 1917

CHAPTER I INTRODUCTORY

Growing Interest in State Budgets

Throughout the United States there is now developing a remarkable activity in the field of budget making. More than a score of states have created by law a formidable array of budget agencies to aid the governor or the legislature in solving the grave financial problems that are annually confronting our state governments. Judging from the sudden appearance of these fiscal agencies the dilemma of the legislators must be exceedingly discomfoting. And reasonably so, for we find that states are frequently estimating their expenditures for the ensuing fiscal year from two to thirty millions in excess of the estimated revenues.

The appropriation of funds is increasing in magnitude and the burden of taxation grows heavier in proportion. The fundamental issue in our gubernatorial elections is economy in public finance. Nearly every one of the governors of the forty-two states whose legislatures met this year made the keynote of his message "retrenchment, economy and efficiency in the administration of the state's business." W. A. Robinson, writing on "The Governors in 1917" in the *New Republic*, March 3, 1917, says, "The discussions of finance disclose a serious situation. Governor after governor recites the same dreary story, insufficient revenues, reckless appropriations, waste and extravagance everywhere. A few governors, notably those of Connecticut, Pennsylvania, and Washington, report full treasuries, coupled with a solemn warning that this must not serve as an excuse for a carnival of spending." In studying these executive messages one becomes astounded at the fiscal problems of the states and has an uncomfortable suspicion that a number of our state governments are nearing bankruptcy. The chief reasons for their predicament are: (1) the extension of social functions by the state, (2) decen-

tralization of control over finance, (3) and patching up inadequate taxation systems.

Five Kinds of Budget Agencies Created by Various States

The states which have striven to extricate themselves from the tangle of financial difficulties by changing the methods of financing public functions have adopted a variety of agencies in their efforts. The agencies may be grouped under four classes: boards, legislative budget committees, single administrative officers and the chief executive alone. Boards with widely differing powers have been created in eight states, California, Connecticut, Illinois, North Dakota, Washington, Louisiana, Wisconsin, and Oklahoma. The legislative budget committee with its staff of experts has been instituted in four states, Alabama, Arkansas, New York and Vermont. Ten states, Massachusetts, Ohio, West Virginia, Texas, New Hampshire, New York, Rhode Island, Nevada, Oregon and Pennsylvania, adhere to the method of authorizing a single administrative officer to prepare the budget. This task is shouldered in whole or in part by the governor in no less than eighteen states, Iowa, Alabama, Minnesota, Maine, New Mexico, Nebraska, New York, Ohio, Maryland, Oregon, New Jersey, Florida, Idaho, Montana, Colorado, Texas, Missouri and West Virginia. The six last mentioned, however, require from the executive only a statement of the estimated revenues.

The usual practice followed by these various types of so-called budget agencies is to prepare a printed document of the estimated expenditures and revenues containing more or less accurate information about the state's financial needs. This kind of budget-making is informative only and embraces no constructive plans or policies for the future. Moreover, after the budget agency has put considerable effort and time on the work of presenting some kind of a picture of the estimated fiscal needs of the state, this information is not always utilized. It is common knowledge that the appropriation committees pay little attention to the document prepared by the budget agencies in the framing of their annual appropriation bills.

In New Jersey the governor prepares the budget and transmits it to the legislature. It is turned over to the joint appropriation committee which proceeds to investigate the requests by holding hearings and making "junket" trips around the state visiting the various institutions and asylums. No statutory nor

constitutional limitation is placed upon the power of the legislature to change the governor's estimates at will in drafting the appropriation bill. Consequently, that body twists and manipulates the governor's figures without stint, and the appropriation bill bears little of the impress of the governor's decisions.

Treatment of Governor Whitman's "Budget" in New York

In New York, this year, the governor prepared a budget which filled two large volumes, and also a 75 page pamphlet. These documents were carefully laid on the desks of the legislators, but the latter took no action on the recommendations contained therein, except possibly in the drafting of the first deficiency bill which appropriated \$1,331,000. The governor's volumes were not even ordered to be reprinted so that additional copies might be obtainable by the legislators. The governor's efforts were ignored, his eight thousand dollar budget bureau worked to no appreciable purpose, and the money spent in publishing three budget documents, some four thousand dollars, was apparently wasted, although it cannot be doubted that the knowledge of the governor's intensive studies had a wholesome effect upon the legislature.

In Massachusetts, Illinois, Wisconsin, Ohio, Nebraska, Connecticut, North Dakota, the same process is repeated. The budget agency, be it board, bureau, or fiscal officer, prepares a more or less elaborate budget document, which is transmitted to the legislature and sometimes to the governor also, usually at the beginning of the session. The legislature does not begin for several weeks to draft the final appropriation bill. Then, when the session is half over, the appropriation committees get down to business and frame their bill. By this time, innumerable special appropriation bills must be taken care of. Bills increasing salaries, creating new offices and positions, granting pensions, proposing new construction work and repairs to old institutions, and claims approved by committees, completely demoralize the estimates compiled by the budget agency. The original estimates are lost in the jostle with items favored by the committeemen. The result is that the total appropriations recommended by the committees to the legislature are far larger than the estimated expenditures suggested by the budget agency. These increases sometimes run from five to fifteen million dollars.

Financial Power Continues Vested in Legislature

The reason for this ill-success of the budget agencies in working out a comprehensive and efficient budget system is that financial power lies entirely with the legislature. The latter can increase, reduce or eliminate items at will. It can strike out the items requested by a department and substitute its own figures. It can "pigeonhole" the fiscal document of the budget agency and proceed to draft an appropriation bill without regard to the efforts that have been expended to give it information on the state's finances. The legislature drafts the appropriation bills and therefore it controls everything that goes into them. The budget agency or governor has no influence over the budget after its transmission to the legislature—excepting only the veto power of the governor. The legislature warps the estimates to its own desires or tears to pieces the careful work of the agency which was created to be its financial assistant. The center of power remains with the legislative finance committees. Expensive budget agencies, some of which cost \$20,000 annually, are thus handicapped in their attempts to institute some semblance of order in the making of the state budget. The indifference on the part of the legislative committees to the painstaking work of other fiscal bodies breaks down the morale of such fiscal authorities. Their work loses its value. Efforts put forth to obtain estimates as accurate as is possible under the circumstances lose their former vigor. The whole agency lapses into the condition of a financial appendix, and becomes valueless and sometimes even a source of trouble.

These budget agencies, when they are newly created and energetic, are of great worth in spite of their lack of financial power. They accumulate facts for the information of some genuine budget-making agency that may be installed in the near future. Only in the last two or three years, since the institution of these budget agencies, has much thought been given to actual financial conditions and time expended investigating the prime requisites of a sound financial procedure. A beginning has been made in producing a literature on the subject. Quite recently the New York Bureau of Municipal Research set itself the onerous task of bringing all the random talk about "budgets" down to a fact basis. It is carrying on a systematic investigation of budgetary procedure in some of the more advanced states such as New Jersey, New York, Maryland, Massachusetts, Maine,

and Ohio. The budget agencies of several other states, such as North Dakota, Massachusetts, Minnesota, California, Washington and Alabama, have been working steadily at this problem and are gathering some valuable data, while the reports of economy and efficiency commissions form a rich though limited field of information.

Growth of New Idea for Executive Budget

Through this small but significant section of financial literature runs a vein of a new idea in American politics, namely, the executive budget. By the executive budget is meant a practice of financing public activities that is "both an instrument and a process of government."¹ The executive budget plan would require the chief executive to place before the legislature, which controls the purse, "a well considered plan, with all the information needed to determine whether the plan should be approved before funds are made available for its execution." This is the budget conceived as an instrument of government. As a process of government, the budget constitutes a "procedure for insuring complete accountability for past grants, and requiring . . . (the chief executive) to assume full responsibility for preparing, explaining and defending (in Committee of the Whole) the plans and proposals for future grants, such plans for the future to include: (1) an expenditure program based on service needs, and (2) a revenue program indicating what grants of authority are desired to . . . raise the money to make purchases as well as to meet outstanding obligations." Concisely put, the elements of a genuine state executive budget practice are:

1. The submission to the legislature of an account of the governor's stewardship for the past year.
2. The preparation of proper estimates as to appropriations, revenues, etc., by the governor, and their presentation to the legislature.
3. The appearance of the governor and heads of departments before the legislature to explain and defend the budget proposals.
4. The restriction of legislative action on the governor's proposed appropriation bill to the elimination or reduction of items, unless a special procedure is followed.
5. The establishment of a minority auditing committee.

¹ MUNICIPAL RESEARCH, No. 80, p. 3.

6. The installation of a system of cost accounting.
7. The creation of a central purchasing department.
8. The standardization of the civil service.

Adoption of Executive Budget in Two States

This conception of the budget alters the existing relation between the executive and the legislative powers and has met with strong opposition from legislators in several states. One state, Maryland, has had the courage so far to discard the doctrine of the separation of powers. This state ratified last November by a thirty thousand majority a constitutional amendment providing for co-operation between the executive and legislature in the work of budget making. The governor prepares the budget, presents it to the legislature, and defends his proposals in person before the legislature. The popular body's power to raise items is limited to the appropriations for the judiciary and the legislature. In regard to all the other appropriations, the legislature can only reduce or eliminate but it can make special appropriations after the passage of the governor's budget—subject to certain limitations. Governor Milliken of Maine had the courage to assume some genuine responsibility in regard to the budget of 1917. Owing to his vigorous resolve to introduce efficiency he was able to command legislative confidence and support. He prepared the estimates for the ensuing fiscal year, supervised the drafting of the appropriation bill and went before the legislative body in person to defend his proposals. There were neither laws nor constitutional provisions precisely authorizing him to follow such a course in his executive capacity. But the governor was a dominant man, took the matter into his own hands, and conducted the work of making the Maine 1917 budget through the sheer force of his personality and intellect. This constitutes a new departure for our state governors and might well be emulated elsewhere.

Current Misapprehension of Budget System

In spite of the sudden establishment of various kinds of fiscal offices to assist the governor or legislative committees to establish a workable budget system, inefficiency, irresponsibility and waste have not been eliminated. This is because the representatives of the people have wrongly conceived the budget idea. Some think a budget to be merely a compilation of the estimated expenditures and revenues necessary for conducting the state's

business for the ensuing year. A cursory study of budget law and practice in our state governments reveals a general lack of clear thinking and definiteness of purpose. The budget is quite generally considered as the estimated expenditures arranged in the form of an appropriation bill. The newly appointed fiscal agencies merely tabulate requests for appropriations and perhaps ask the comptroller or treasurer to supply them with an estimate of the probable revenues for the ensuing fiscal year. There may be perfunctory visits to state institutions, hearings may be granted to the heads of the departments and bureaus, and a mass of glib statements based upon memory or superficial surveys accumulated, to bolster up the requests.

The revenue side of the budget is lost in the scuffle for funds. Diligent commissions on taxation, which have wrestled for months with the problems of taxation, make recommendations for the revision of the tax system. The reports are ordered printed, popular interest escapes through this effective safety-valve, and the "committees of retrenchment and taxation" put their heads together once more to handle the shower of revenue bills which will affect more or less drastically the income of both the state and its citizens. The existing budget-making agencies have not put forward a comprehensive revenue policy adequate to the services of the government. They acquire the estimates of the revenues through some financial officer who plays only a passive part in this fundamental function of financing the state's expenditure program and content themselves with presenting only a summary of these estimates when they are obtained.

Furthermore, estimating the expenditures and revenues constitutes only the budget plan. The budget as a process is entirely neglected. The main principle of an effective fiscal procedure is this; the concentration of financial responsibility and power in the hands of the executive, *subject to the criticism and approval of the legislative body*. Not until the power over public finance is shared by the governor with the legislature will the states have an adequate and efficient budget system. Under the existing system of budget agencies this principle has been neglected. The center of power resides not in the one man who can be seen (the governor), but is diffused throughout the legislature. Responsibility is obliterated and administration carried on blind-fold. As one financial officer remarked: "The members of the legislature are incompetent to decide on the details of a

department's estimates because they do not come in contact with the personnel of the department."

Power Centered in Finance Committees

Responsibility is absent, but there is control. The finance committees of the legislative body wield the power as of old. The budget agencies themselves are dependent upon them for their very subsistence. How then can they possibly exert any influence over the financial program for the ensuing year?

The political group that drafts the finance bills generates the power that moves the wheels of government. That treatise on our federal government by Woodrow Wilson, entitled "Congressional Government," demonstrates that the center of power lies in Congress. Professor Ford of Princeton University, however, goes further and argues that the real control over public moneys in Congress is wielded by the senate conferees. It is a law of politics that power always gravitates towards some *one man or group* in government. This law can be seen operating unerringly in our state legislatures, but those who have the power are not made directly responsible to the people for their actions.

In New York state, the power over appropriations for years has centered in the finance and ways and means committees. Governor Whitman in 1916 attempted to inaugurate a new system whereby the executive would have a greater measure of control over the drafting and the execution of the appropriation bills. The legislature of 1916, however, true to precedent, looked askance at the governor's proposal, and his program was summarily rejected.

As an offset to Governor Whitman's endeavor to share in the budget-making power in 1916, the legislature of that year formulated into law a plan and procedure to which the governor finally agreed. This law gave the governor powers which he had already exercised in drawing up an appropriation bill earlier in the session. But there was no diminution of the legislative power over finances. The law confirmed the time-worn custom of the legislative supervision of appropriations.

The following chapters attempt to answer certain questions which were raised about the operation of the new system under the Sage-Maier Act of 1916, whereby the so-called "legislative budget" was instituted in place of the planless program followed in the years previous. It was questioned, for example, whether the new grant of power to the governor was liberal enough;

whether the comptroller would exercise an active or a passive part under the provisions of the old finance law which had not been repealed; whether the legislature's power over the departments and the personnel would be increased or decreased; whether the publicity deemed so necessary in connection with financial legislation would be obtained; and finally in what spirit the legislature of 1917 would carry out the provisions of the law passed by the legislature of 1916.

CHAPTER II

THE LAW OF THE BUDGET

I—THE STATUTORY PROVISIONS

Four distinct authorities are empowered under existing New York laws to prepare independently estimates of the expenditures and revenues for the coming fiscal year. These are: the governor, the senate finance committee, the assembly committee on ways and means, and the comptroller. Section 31 of chapter 130 of the laws of 1916, however, permits joint action on the part of the two legislative committees, and this provision was followed in 1917—the combined committees being entitled the joint legislative budget committee. There were, therefore, three distinct agencies, the governor, the comptroller, and the joint legislative budget committee, which prepared the estimates for the coming fiscal year—1917–18.

In order to comprehend the full significance of this motley accumulation of powers, it is best to review the legal provisions which established them.

The Governor's Duties as Defined by Law

Section 26 of chapter 130 of the laws of 1916 states that

“the Governor shall annually, within one week after the convening of the legislature, submit to the Senate and Assembly a statement of the total amount of the appropriations desired by each state department, commission, board, bureau, office and institution, and may at the same time make such suggestions for reductions or additions thereto, as he deems proper. He may also at the same time submit as part of such statement an estimate of the probable revenues of the state for the ensuing year.”

The Duties of the Joint Legislative Budget Committee as Defined by Law

In order that the joint legislative budget committee may secure the desired information, section 29 of chapter 130 of the laws of 1916 provides:

1. That each committee shall have a staff consisting of a clerk, an accountant, and a stenographer.

2. That the committee on finance and the committee on ways and means shall continue during the recess of the legislature, and that the chairmen of the respective committees may appoint sub-committees to perform such duties as they may prescribe in gathering information as to the financial needs of the state.

The duties of the two committee clerks, outlined in section 30 of the same law, may be summarized as follows:

1. Compile information and financial data relating to state departments
2. Tabulate the estimates of expenditures and revenues submitted to the joint legislative budget committee.
3. Make a record of and file all information gathered and correspondence relating thereto
4. Investigate and report on requests for appropriations
5. Aid in all possible ways the legislature and its finance Committees
6. Help in the preparation of the annual budget
7. Have access to the offices of all state departments for the purpose of obtaining information as to their operation and the fiscal needs thereof.

In section 31 of the same law, the budget proper is defined:

“The Finance Committee of the Senate and the Ways and Means Committee of the Assembly, acting jointly or separately, shall annually prepare and submit to the respective houses, not later than March fifteenth, a budget containing a complete and detailed statement of all appropriations to be made out of the moneys of the general fund in the state treasury for the support and maintenance of the government of the state and for all other purposes, which appropriations or any part thereof shall become available during the period ending the ensuing fiscal year. Such budget shall specify the department, board, bureau, commission, office or institution under whose supervision or control the moneys to be so appropriated are to be expended and the purposes for which such appropriations are made. There shall be attached to and made a part of such budget an itemized and detailed estimate of the probable revenues of the state out of which the appropriations specified in such budget may be made, and such budget shall include an estimate of the amount which it will be necessary to raise by a direct tax for payment of such appropriations. Such budget may be accompanied by a statement containing such information and data as the committees may deem advisable to present.

Procedure to Be Followed by Legislature

The procedure to be followed by the legislature in considering the appropriation bills was quite elaborate. The law provides

that a single appropriation bill shall be introduced into the legislature simultaneously with the budget statement on or before March 15. In the senate, the appropriation measure is to be referred to the committee of the whole, while in the assembly it is to be placed on the order of second reading. The bill remains on the calendars of both houses as the special order of the day for five full legislative days. During this period, department chiefs, by a majority vote, may be called before the legislature for interpellation, and amendments may be offered. When the bill advances to third reading in each house, legislative action on the bill is limited to the decrease or elimination of items and the bill is a special order of the day for three full legislative days.

The Duties of the Comptroller as Defined by Law

Sections 48 and 49 of chapter 56 of the consolidated laws read:

"On or before November 15, in each year, there shall be filed with the comptroller by each state officer or head of department . . . a statement in detail of all moneys, together with the reasons therefor, for which any general or special appropriation is desired at the ensuing session of the Legislature. . . . The comptroller may also, from time to time, and in his discretion, require any such state officers . . . to report to him as to such other fiscal affairs as the comptroller shall deem necessary for the proper compilation of the tabulation provided for by section 49 of this chapter. . . ."

Section 49 reads:

"On or before December 15 in each year, the comptroller shall make a tabulation of such statements or reports, provided for by section 48 of this chapter, in printed form, accompanied by comparative data, an estimate of income, together with such comments and a statement of such other matters as he shall deem necessary and transmit such tabulation to the governor immediately and to the Legislature on the first of its next session. Such tabulation so transmitted shall also contain a statement of all moneys required by the comptroller, together with the reasons therefore for which any general or special appropriation is desired by them at the ensuing session of the Legislature, together with such comparative and other data as the comptroller shall deem necessary and proper for the full comprehension of such last mentioned statement."

The legislature of 1916 imposed another duty upon the comptroller in relation to the fiscal matters of the state. In section 6

of Chapter 118 of the Laws of 1916 the State Finance Law was amended as follows:

“He (the comptroller) shall also report to the Legislature on or before February first in each year the expenditures, except for construction work and permanent betterments, of each state department, commission, board, bureau, office and institution, for the first six months of the then current fiscal year.”

II—DISCUSSION OF THE STATUTORY PROVISIONS

Shortly after the 1917 budget was introduced by the joint legislative budget committee in the legislature on March 15, the New York Bureau of Municipal Research submitted a memorandum to the chairmen of the senate finance committee and the assembly ways and means committee respectively, the comptroller and the governor. The latter part of this memorandum dealt with “facts and conclusions having to do with procedure,” pointing out the following defects in the budgetary procedure due to the complexity of the legal provisions which comprise the law of the budget:

1. The lack of co-operation between the governor, comptroller and the joint legislative budget committee in preparing the estimates
2. The unnecessary work and expense arising from the lack of uniformity in the estimate forms
3. The extravagance and unnecessary printing costs involved in the submission of three sets of estimates
4. The confusion arising from the dissimilarity both in form and totals of the three books of estimates
5. The incapacity of the comptroller to plan an expenditure program.

The following excerpts from the memorandum take up these five points in some detail.

“Lack of Co-operation in Preparation of Estimates by the Governor, Comptroller and Joint Legislative Committee

“Under Sections 48 and 49 of the state finance law, the comptroller is directed to collect and tabulate and transmit to the governor and the legislature the estimates of expenditures filed with him by the various departments of the state. The enactment of chapter 130 of the laws of 1916, known as the Sage Bill, imposed the duty of collecting the requests from each department and of submitting them to the legislature upon the governor. The same law likewise imposed a similar duty upon

the clerks of the finance and ways and means committees of the legislature.

"Instead of co-operating in the preliminary work of preparing questions for department heads to answer, regarding their needs for the coming fiscal year, the governor, the comptroller and the joint legislative budget committee worked independently. The result of this work appeared in three volumes issued and submitted to the legislature by the governor, the comptroller and the joint legislative budget committee.

"Would it not have been better, since the law required all three to collect the requests of the department heads for appropriations, for the governor, the comptroller and the joint legislative budget committee to have met in conference last fall and agreed upon a uniform plan?

'Unnecessary Work and Expense Arising from Lack of Uniformity in Forms Requesting Information

"The forms sent out by the comptroller, the governor and the joint legislative budget committee to the heads of all departments and institutions of the state, upon which requests for appropriations were to be submitted, differed from one another.

"The governor sent twelve forms to department heads, which were designed to provide information set up according to the requirements of the governor's bill under a classification with eighteen divisions each representing a different class of expenditures.

"The comptroller sent out four forms to each department requesting substantially the same information but calling for a different arrangement of items.

"The joint legislative budget committee sent out five forms requesting triplicate copies to be returned requiring practically the same information but calling for a still different arrangement. It is understood that the legislative committee provided a complete set of returns for the use of the governor but that he did not use them.

"Having filled out on the typewriter the comptroller's forms with three duplicate copies, the clerical force was next obliged to fill out the twelve forms for the governor and then the five forms for the joint legislative budget committee—making a total of twenty-one forms; some of them 17" x 14", others 9 $\frac{1}{4}$ " x 16", and others of still different lengths, widths and spacings.

"The three sets of forms imposed a great deal of detail work upon the clerical force of each department, institution, commis-

sion, board and office in the state government, which if computed in terms of payroll cost would amount to many thousands of dollars.

"Would it not contribute to better results, as well as be less expensive, if one set of uniform blanks were sent out to all the departments instead of three sets? And, is it not wasting the time of state employes and state officials to require that they make out, three times, practically the same information to submit to the central bodies? Would it not be possible to have all three agencies, the governor, the comptroller and the joint legislative budget committee, combine all of their questions into one set and thus reduce the amount of work and of printing involved as well as labor required to fill out the data necessary to give every possible assistance in making up the lists of appropriations requested?

"Extravagant and Unnecessary Printing Costs Involved in the Submission of Three Sets of Estimates

"Upon the completion of the tabulations of appropriations requested, the comptroller, the governor and the joint legislative budget committee each submitted printed volumes to the legislature as follows:

Comptroller's 'Estimates of Desired Appropriations'; 277 pages; printing cost \$961.04

Governor's 'Compilation of Desired Appropriations'; 710 pages; printing cost \$2,810.98

Joint legislative budget committee's 'Requests for Appropriations'; 1,046 pages; printing cost \$3,336.60

a total of 2,033 pages, at a total cost of \$7,108.62 for printing these volumes alone. In addition the governor submitted a tentative appropriation act of 714 pages and the 'Governor's Budget Estimate Message' of 75 pages at a printing cost of \$1,087.23—or a total cost for printing and submitting to the legislature the appropriations desired by the three departments and recommended by the governor of \$8,195.85.

"Does it not seem extravagant for those having to do with the preparation of the state's budget to submit three volumes purporting to contain the same information at a cost of \$8,200 when one volume containing all of the information could probably be printed for not to exceed \$3,000?

"The Results of Submitting Three Books of Estimates with Different Totals and Classifications of Amounts Have Been Confusing Rather Than Helpful to Members of the Legislature and the Public

"Not only was there duplication of work and a large waste in printing bills, but there were wide discrepancies between the three totals reported by the governor, the comptroller and the joint legislative budget committee, even as to the total amount requested by the departments—

The governor's compilation totaled . . .	\$80,796,128.15
The comptroller's tabulation totaled .	78,875,601.91
The joint legislative budget committee's request for appropriations totaled	80,633,749.48

"While there was a difference of \$1,658,147.57 between the legislative committee's estimates and the comptroller's, a difference of \$1,820,526.24 between the governor's and the comptroller's and a difference of \$162,378.67 between the governor's and the legislative committee's, all three informants of the legislature agreed on one thing—they stated that the appropriation last year amounted to \$59,103,450.08. The lack of correspondence lay in the differences in the amounts reported as requested in the three volumes. The comptroller's book gave the total amounts requested under 'Administration' as \$1,698,141.89; the governor's gave a total for the same division of \$2,344,858.44; the joint legislative budget committee's book gave a total of \$2,208,628.44. The governor reported that the legislative division requested \$2,806,637.17, the joint legislative budget committee reported \$2,830,780.55, and the comptroller reported \$2,737,224.49 for the same division of the government. The comptroller reported that \$3,267,000.22 were requested for defensive purposes, the joint legislative committee reported \$2,823,562.22 and the governor reported \$2,944,777.22. The comptroller reported requests under the 'Agricultural Division' amounting to \$3,490,394.96, the joint legislative committee reported \$3,902,766.16, and the governor reported \$4,052,415.01.

"With such discrepancies, can it be questioned that the present method of conveying information to members of the legislature, to say nothing of citizens and taxpayers, is confusing and misleading. But aside from the confusion in the estimates, as statements of fact, question is raised as to whether this method does not also confuse responsibility.

"The governor's bill classifies expenditures under eighteen groups throughout all of the departments and institutions of the state. This classification is based upon the forms calling for estimates of appropriations sent out by the governor to all of the divisions of government. The legislative committee's classification, set up on its estimate forms and carried in its bill as introduced, is somewhat different from the governor's. The arrangement by functions of government under executive, administrative, legislative, judicial, regulative, educational, charitable, penal, agricultural, etc., in the committee's bill is entirely different from the governor's arrangement. Therefore a comparison of totals becomes difficult.

"For example, the Message of the Governor, containing the governor's budget estimate transmitted to the legislature January 3, sets forth the total of personal service in the appropriations of 1916 as \$18,397,260.13 and the governor's recommendation for this year is \$20,423,591.23. The legislative committee's summary attached to the appropriation bill introduced on March 15 sets forth the total personal service in the appropriations of 1916 as \$16,766,356.94 and the total contained in the governor's 'tentative budget' as \$18,811,650.54. The legislative committee's recommendations for 1917, contained in the appropriation bill, are set up at \$18,654,291.50—an apparent decrease of \$157,359.04 below the amount recommended by the governor. On page 46 of the committee's summary appears an item recommended for highways of \$6,575,000. This item includes a certain amount of personal service which is not included in the committee's summary but which is included in the governor's summary. Other examples might be stated to show how difficult it is to make any comparison between the legislative committee's recommendations and those of the governor. The appropriations recommended by the legislative committee for the legislature itself are in such different form from that submitted and recommended by the governor as to make reconciliation between them almost impossible. In fact, there is scarcely any way of checking the items appearing in the governor's bill with the lump sum appropriations for the legislature in the committee's bill.

"Is it not likely that a comparison between the governor's bill and the legislative committee's bill would be effected much more easily if they were based on the same set of requests grouped according to the same classification?

"The Comptroller is Not in a Position to Assume Responsibility with Respect to Planning Expenditures Or to Act in Any Other Capacity Than as Tabulating Agent—Except in so far as He Can Be Utilized as a Critical Reviewing Officer"

"Chapter 118 of the Laws of 1916 requires the comptroller to make a report on or before February 1 of each year, of the expenditures except for construction work and permanent betterments of each state department for the first six months of the current fiscal year. The obvious purpose of this law was to give the finance committee of the legislature as well as the governor a basis of comparison of a half-year's expenditures with a half-year's appropriations which would assist them to judge of the propriety of requests for appropriations for the ensuing year.

"In compliance with this request, the comptroller submitted, on January 22, 1917, a paper-bound printed volume of 24 pages of tabulated matter entitled 'Report of the Comptroller of the Expenditures for the Six Months Ended December 31, 1916.'

"This report was stated to contain the total expenditures of each department, board, bureau, commission, institution, etc., classified to show the total amount spent in each for salaries, regular and temporary, printing, materials, supplies, traveling expenses, communication, equipment, general plant service, fixed charges, contributions, etc.

"The form of the report is such that no comparison is facilitated, because while the expenditures purport to be shown, the amount available on July 1, 1916, is not shown, and even if the report of expenditures were correct, it would be a difficult matter to draw any conclusions from the figures without having before one the amounts appropriated, and available at the beginning of the six-months' period.

"Should not this law be amended so as to require the comptroller to set forth in his report a tabulation of the amounts available at the beginning of the fiscal year, the amount expended during the first six months, and an estimate of the amount of the unexpended and unencumbered balance of each appropriation that will remain at the end of the fiscal year, in order to give the legislature the information it requires?

"In connection with the comptroller's report on requests for expenditures, would it not be advisable to repeal the Finance Law provisions requiring him to duplicate the work of the legislative committee and the governor's budget bureau in collecting requests?

"The comptroller is not the chief executive officer of the state and is not in a position to assume responsibility for planning expenditures. He could be utilized, however, to advantage in acting as a critical reviewing officer, and his reports could well be made very useful to the legislature with regard to expenditures."

In appraising the present New York State Legislative Budget with its many anachronisms, it must be borne in mind that this was the first year of operation under the new budget law for the government of the state. Members of the joint legislative budget committee realize the errors of omission and commission. They state that this is but a beginning, that the defects that have been discovered will be remedied as far as possible, and that they expect to profit by this year's experience and inaugurate revision and change.¹ It may not be necessary to change the law. The wording of the law permits of liberal interpretation. This is fortunate, for legislative procedure often becomes more efficacious when based on political customs and conventions than on a mass of intricate statutory provisions. English political history furnishes an eloquent example of this fact. Much better results can often be obtained by filling out the bare outlines of the law by those usages and practices which so happily spring up in government to vitalize the rigid and inelastic phrases of the law. Thus by a gradual accretion of political customs the Sage-Maier Act may create a legislative budget system which will be a great improvement on the present but will never produce the advantages of a real executive budget.

It is to be noted in connection with this matter that the comptroller in his Annual Report for 1917 characterized as obsolete the system of bookkeeping extant in his office and in all the administrative units of the state departments, and that consequently the estimated revenues are never reliable. The italicised portions of the following quotation from his report show that the recommendations for scientific bookkeeping and accounting made in MUNICIPAL RESEARCH No. 74 are being followed as well as conditions permit. The comptroller considers that it will take about three years before all the state departments have installed the new methods of accounting used by all progressive private business corporations.

¹The most important change made in the preliminary preparation for the 1918 budget is already under way at the time of going to press. The governor, comptroller and legislative joint budget committee have agreed on one set of estimate forms for all departments.

"ACCOUNTING"¹

"The annual reports of the Comptroller, as well as the monthly statements, are rendered on a basis of cash transactions, although in this report (and this was also done last year) there is a separate column showing the encumbrances against appropriations for which warrants have not yet been issued upon the treasury. A considerable accumulation of unpaid obligations is thus carried over into the succeeding fiscal year and the reported surplus does not reflect the actual condition of the General Fund at the close of a fiscal period, except as to cash.

"A large bulk of certain revenues, such as excise taxes, franchise taxes, automobile license fees, etc., accrue and are paid in advance for a full year, which year is not in all cases concurrent with the State's fiscal year. These revenues, therefore, are not strictly prorated to the periods to which they actually pertain. The correlation of revenues and expenses to the State's fiscal period is destroyed and comparisons of one period with another are rendered inaccurate. This would be remedied if the books were kept on an accrual basis, both as to revenues and expenses, and *the desirability of such a system must be conceded. While such a system of accounting has been recommended and is under consideration, lack of facilities in the various departments and institutions, as well as the provisions of existing laws, prevent its immediate complete adoption.* Besides, not all funds and fiscal transactions of the State are centered in the Comptroller's office. It is believed, therefore, that such a system must be evolved by gradual practice and the effecting of such changes in the laws and general accounting methods of the State as will make it practicable."

¹Comptroller's Report for 1917, pp. X and XI.

CHAPTER III

THE PREPARATION OF THE ESTIMATES

The Three Budget Agencies

The work of preparing the 1917 budget was, as has been explained, assigned to three separate public agencies,—the governor, the comptroller, and the joint legislative budget committee. The budget agency of the executive was instituted as the Governor's Budget Bureau, consisting of a secretary and two stenographers. This force of three persons was augmented during the "rush hour" by the governor's private secretary, the state architect, a public service commissioner, and a squad of accountants from the New York City Comptroller's office. The comptroller's budget agency was composed of the comptroller's staff of auditors, accountants, and stenographers, which performed the extra duties involved in the preparation of the budget without any outside assistance. The legislature's budget agency—the joint budget committee—consisted of the senate finance and assembly ways and means committees with their staffs of clerks, accountants and stenographers. Each of these three agencies, as has been pointed out above, compiled a separate book of estimates, worked independently and proceeded with the duties prescribed by the law as if each were the only agency making the budget. The results of this conflict of fiscal jurisdiction will appear later.

The Law and Rules Governing the Submission, Preparation and Return of the Expenditure and Revenue Estimates

According to the Sage-Maier Act of 1916 the duties of the Joint Legislative Budget Committee were:

- 1—To gather and compile all information and data relative to the departments, boards, institutions, etc. for which appropriations are made and sought.
- 2—To prepare tables showing appropriations made by the legislature from time to time and prepare and furnish statistics and other information relating to such appropriations.
- 3—To gather and compile statistics as to the revenues of the state during the preceding years and the estimated revenues for the current and ensuing fiscal years.

The duties of the organization units of the state government were as follows:

- 1—Such departments, commissions, boards, bureaus, offices and institutions shall through their proper officers or deputies furnish such information or statements as may be necessary for the proper exercise of their powers and duties and for the purpose of carrying into effect the provisions of this act.

Through the co-operative efforts of the organization units and the budget committee the annual budget was to be compiled, picturing on the one hand the estimated expenditures, and on the other the estimated revenues.

The rules for this process of budget-making were simple, as stated by the legislative budget agency. Forms were to be made out in triplicate, one set for the senate finance committee, one set for the assembly ways and means committee and one set for the governor; changes in items from previous appropriations or new items were to be explained; the comptroller's classification of items was to be followed; and the blanks were to be filed with the committee by October 1, 1916.

There were no legal provisions governing the executive's preparation of the estimates. The law merely empowered the governor to submit a statement of financial data to the legislature and assumed that he would get it from the legislative budget committee and the comptroller. The governor was authorized to obtain the information from the legislative committee while the comptroller was directed to furnish his compilation to the governor. The rules as laid down in the governor's letter, the statement of instruction, and the explanations on the heads of the blank forms constituted a profuse directory. The forms were to be returned to the executive department within ten days after receipt. The single-lettered forms (A., B., C., D., etc.) were to be filled out entirely except those columns headed "Tentative Budget Proposal" and "Remarks." The double-lettered forms (AA., BB., CC., etc.) were to be completely filled out. The instructions for each of the twelve forms directed which columns were to be used, which were to be left vacant and what matter should be included.

Compared with the law and rules controlling the preparation of the blanks of the other two budget agencies, the statutory provisions and regulations relative to the preparation of the comptroller's blank were simple. It was requested that the classifica-

tion of the requests "follow the forms of the Joint Legislative Budget Committee" which had already been submitted, that is, "personal service," "maintenance and operation," and "construction or permanent betterment." The blanks were to be returned in quadruplicate; and items payable from funds other than the General Fund were to be shown on separate sheets headed to show the funds from which such items were to be paid. Reappropriations were to be shown on separate sheets under the caption "reappropriations." All changes and all new items were to be adequately explained, especially items vetoed in the past by the governor. The estimates of receipts, such as fees, fines, costs, sale of lands, etc., were to be carefully tabulated and the blanks were to be filed with the comptroller "at the earliest date possible, but not later than November 1, 1916."

The advancement of the date of return from November 15 to November 1 was due to the fact that the other two budget agencies had already requested their forms to be filed in the month of October, the legislative budget committee fixing the 1st and the governor the 10th day of that month as the date for filing.

DESCRIPTION OF THE FORMS OF THE THREE DEPARTMENTS FOR THE EXPENDITURE ESTIMATES

The Joint Budget Committee Forms

In submitting the five blank forms for expenditure estimates, the joint legislative budget committee sent an explanatory letter to the various departments and institutions as follows:

"We are enclosing blank forms for use in making your requests for appropriations to be made for your department or institution at the 1917 session of the Legislature. They should be filled out in triplicate and all returned to the clerk of either Committee.

"In the column asking for the 1916 expenditures you will insert figures for the nine months ended July 1. Later we will ask you for the first quarter's expenditures of the current fiscal year so that we may have full twelve months expenditures for comparative purposes. Will you kindly include in this statement of expenditures outstanding obligations at the end of this period as it is desired to have information as to the actual running expenses of your department or institution for these periods.

"Where a change from the 1916 appropriation is asked for personal service, kindly make full explanation as to the reason for the desired change. If the request is for an increase in

salary give complete civil service record of the employe including the various increases, if any, which he may have had since entering the State service. If a proposed salary increase is requested because of an intention to change the duties of the incumbent, please make this clear. It is desirable to have this explanation follow on the blank immediately after the line containing the request.

"If the request is for an increase in force kindly state in detail the reasons for the request.

"In making requests under maintenance and operation kindly itemize as closely as possible under each subdivision the purposes for which it is proposed to expend the desired appropriation. In making this itemization use the Comptroller's classification.

"Explain in detail any request either for new items or for increases over current appropriations.

"These blanks must be filed with the Committee by October 1st in order that proper study may be given thereto.

"It is important that your requests be prepared with care as the Committee expects to get to work on next year's bill immediately after the convening of the Legislature and urgent reasons will need to be presented for any changes asked during the session from the requests as originally filed.

"It should be borne in mind that requests for deficiency appropriations must be kept at the minimum and that only the most extraordinary circumstances will justify such a request. It is therefore important that you make full explanation of any such request.

"Any requests for construction, repairs or permanent betterments must be accompanied by detailed information. Where a lump sum is requested for repairs, itemize as closely as possible the work which it is proposed to do with the money which is requested.

"Enclosed you will find sample blanks which may be of assistance to you in complying with the requests contained herein.

Very truly yours,

JOINT BUDGET COMMITTEE,

By MASON P. HUTCHINS,
Clerk, Senate Finance Committee.

L. P. DEMARS,
Clerk, Assembly Ways & Means Com."

The explanations embodied in the letter above facilitated matters considerably in filling out the five blank forms.

Blank A, a white sheet, 14 inches by 17 inches, was for personal service. The title of the position, name of incumbent, by division or bureau, were placed in the first column. Salary or wage

increases, reductions or eliminations, were explained in a paragraph directly beneath the incumbent's name. If the request was for an increase in salary, the complete civil service record of the employe, including the various increases, which he may have had since entering the state service, was required also. If a salary increase was requested because a department head intended to make a change in the duties of the incumbent, this too had to be made plain.

Blank B was a sheet of blue paper, 14 inches by 17 inches whereon the "Maintenance and Operation" estimates were tabulated according to the comptroller's classifications—food; fuel, light, power and water; printing; advertising; equipment; supplies; materials; hired horses and vehicles; traveling expenses; communications; fixed charges and contributions; general plant service; rent; contingencies. All explanations were written immediately below the title of the expense item in the first column as on the personal service blank. In estimating the expenditures for "Maintenance and Operation," the departments were requested to itemize as closely as possible under each subdivision the purposes for which the money was to be spent.

Blank C, 14 inches by 17 inches, was of yellow paper and headed "Construction and Repairs." The departments were requested to accompany their expenditure estimates for construction, repairs or permanent betterments, by detailed information. That is, the structural work which had been planned had to be carefully described. Where a lump sum was requested for repairs, the clerks of the joint budget committee asked that the departments itemize as closely as possible the work which was supposed to be performed with the money desired.

Blanks D and E, 8 inches by 17 inches, of white and blue paper respectively, were supplements to blanks A and B, and were for personal service and maintenance and operation. As the explanatory letter stated, the first two larger blanks called for the estimates for only nine months, October 1, 1915–July 1, 1916. The supplementary data to be placed on sheets D and E were to cover the three-months period, July 1, 1916–September 30, 1916. The same instructions which were to be followed in making out blank A for personal service and blank B for maintenance and operation applied to blanks D and E.

The Governor's Estimate Forms

The governor's scheme for formulating and tabulating the requests for appropriations requires considerable explanation. To each department, institution and bureau his secretary forwarded a letter which ran:

"STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY

September 26, 1916.

"Dear Sir:

"Under separate cover the blank forms for departmental requests for appropriations for the fiscal year 1917-1918 are being forwarded to-day to you.

"Chapter 130 of the laws of nineteen hundred and sixteen provides in Section 26—'Statement of Appropriations. The Governor shall annually, within one week after the convening of the Legislature, submit to the Senate and Assembly a statement of the total amount of appropriations desired by each State Department, Commission, Board, Bureau, Office and Institution, and may at the same time make such suggestions for reductions or additions thereto, as he deems proper.'

"In order to comply with the above provision and have ample time to fully consider the merits of your requests, these forms must have your immediate attention and should be returned to me within ten days of the date of receipt.

"The enclosed directions and all directions printed on forms must be carefully followed. "

Enclosed with the above letter were two sheets of explanatory matter to be referred to in making out the blank forms. This was of great help to the departments and institutions and facilitated accuracy. There was an introductory paragraph before the explanation itself, which ran:

"The forms sent to you under separate cover are provided for departmental request for appropriations for the fiscal year 1917-18. These requests should be complied with and the forms filed with the Executive Department not later than October 10, 1916."

Simultaneously with the forwarding of the letter and instructions the governor's secretary mailed in separate tubes to each department twelve blank forms. The first pair of forms, "AA", 18 inches x 14 inches and "A", 9 inches x 14 inches, constituted the department's "Grand Recapitulation" as it is called in the

Governor's "Compilation of Desired Appropriations." The accompanying reproduction of Form A is seen to be made up of two parts, "Departmental Request" and "Tentative Budget Proposal." Only the "Departmental Requests" were to be filled out by the departments and institutions. Form AA duplicates Form A, except that the sheet is half the width of Form A and contains only the first five columns, the "Tentative Budget Proposal" and "Remarks" section being cut off. Form A was the copy used in framing the governor's Tentative Appropriation Act and Form AA was kept for the files. The instructions regarding these two forms ran:

"Form A is for the recapitulation of requests made on forms B, C, D, E, F." "Form AA on this form the departments will be required to insert all information that has been inserted in the first five columns on form A."

Forms B and BB, 18 inches by 14 inches and 9 inches by 14 inches respectively, were for personal service. Sample form accompanied these two blanks, which was printed along with the explanations on the back. Forms B and BB were carefully explained in the instructions, which stated:

"For requests for Personal Service. An explanatory form is enclosed to convey a clear understanding of the procedure to be followed in filling out this form. Column #7 is for the use of Institutions only. The eight (8) columns on this form for departmental requests must be filled in by Institutions and the seven columns (1,2,3,4,5,6,8) on this form must be filled in by Departments, Commissions, Boards, etc., to have the form acceptable to this department. A supplemental statement on departmental stationery is requested giving an explanation for every change from the existing schedule line. The explanation should be concise and brief but at the same time cover every detail of the request.

"On the last form used for request for Personal Service a recapitulation of all Bureaus or Divisions should be made."

The explanations of Form BB were as follows:

"On this form the departments will be required to insert all information that has been inserted in the first eight columns on form B."

On the back of sample Form BB was printed the following "explanation":

EXPLANATION OF EXAMPLE

In order to convey a clear understanding of the procedure to be followed in filling out the Personal Service forms this sample and explanatory form is provided. The form is based on an imaginary schedule of the Health

Officer of the Port of New York. The following notations refer to the lines with the corresponding numerals in the example.

Notations

- *1 No change in request from present condition.
- *2 Increase in compensation, the number of positions remaining unchanged.
- *3 Decrease in compensation, the number of positions remaining unchanged.
- *4 Additional or new position, where there is no similar position in existing schedule.
- *5 Position abolished.
- *6 Transfer from one division to another division.
- *7 Transfer to another division.
- *8 Example of an instance where it is desired to subdivide an existing schedule line. Two (2) positions have been increased in compensation and four (4) positions receive the present rate of compensation.
- *9 Method of indicating a desired change in title.
- *10 An example of how to express the request for added force under the same title and at the same rate of compensation.
- *11 Average number of inmates days.
Divide the total amount of days care given to all inmates of an institution in a year by the total number of days in a year.

Example:

Assuming an institution with 100 patients cared for throughout the year—50 patients cared for throughout six months of the year—50 patients cared for throughout three months of the year. The total would be:

100 inmates for one year	36,500
50 inmates for six months, $\frac{1}{2}$ of 36,500	9,125
50 inmates for three months, $\frac{1}{2}$ of 9,125	4,562 $\frac{1}{2}$

Total	50,187 $\frac{1}{2}$
-----------------	----------------------

50,187 $\frac{1}{2}$ divided by 365 days (Number of days in a year) equals 137.5.

Therefore the answer to "average number of inmate days" would be 137.5, meaning that the institution supported an average of 137.5 inmates for the 365 days in the year.

NOTE RELATIVE TO COLUMN 7

Column 7. In the column headed "maintenance or commutation" which applies only to institutions and not to departments, an answer must be given by putting either the word "yes" or the word "no" or a figure (\$) representing the amount of money received in commutation in lieu of maintenance. The answer "yes" would mean that the officer or employee of the institution received his maintenance. The answer "no" would mean that the officer or employee was not entitled to maintenance and did not receive it. The answer in figures (\$) would mean that the officer or employee was entitled to maintenance but took that maintenance in the form of cash commutation.

One of these three answers must be put in this column on the schedule line representing each and every officer and employee in the institution.

NOTE RELATIVE TO COLUMN 8

Column 8. In this column, for every position for which a request is made, the name of the incumbent must appear, or the word "vacant."

Forms C and CC and D and DD, of the same dimensions as the previously mentioned blanks, were for "Maintenance and Operation." The instructions stated that

"the classifications should be sub-divided in a manner similar to the requests to the Budget conference in 1915."

Forms C and CC included

- | | |
|---------------------------------|------------------------------|
| 2. Food | 6. Equipment |
| 3. Fuel, light, power and water | 7. Supplies |
| 4. Printing | 8. Materials |
| 5. Advertising | 9. Hired horses and vehicles |

Forms D and DD contained the remaining categories:

- | | |
|-------------------------------------|--------------------------------|
| 10. Traveling Expenses | 13. General plant service |
| 11. Communication | 14. Rent |
| 12. Fixed charges and contributions | 15. Contingencies |
| | 16. Acquisition of real estate |

The instructions relating to forms CC and DD were as follows:

"Form CC—on this form the departments will be required to insert all information that has been inserted in the first seven columns on form C."

"Form DD—on this form the departments will be required to insert all information that has been inserted in the first four columns on form D."

The definitions of the expense classifications which were on the back of the two forms C and D are printed below:

This form to be used for all appropriations classified as follows:

- | | |
|--------------------------------|-----------------------------|
| 2 FOOD | 6 EQUIPMENT |
| 3 FUEL, LIGHT, POWER AND WATER | 7 SUPPLIES |
| 4 PRINTING | 8 MATERIALS |
| 5 ADVERTISING | 9 HIRED HORSES AND VEHICLES |

When this form is used for Equipment the request must be made under one or more of the following sub-classifications:

- | | |
|-------------------------|--------------------|
| 6A Office | 6K Industrial |
| 6B Household | 6L Laundry |
| 6C Medical and Surgical | 6M Farm and Garden |
| 6D Motorless Vehicles | 6N Live Stock |
| 6E Wearing Apparel | 6P Books |
| 6G Educational | 6R Engineering |
| 6H Research | 6T General Plant |

When this form is used for Supplies, the request must be made under one or more of the following sub-classifications:

- | | |
|---------------------------------------|------------------------------|
| 7A Office | 7G Research |
| 7B Household | 7H Botanical and Agriculture |
| 7C Laundry, Cleaning and Disinfecting | 7K Forage and Veterinary |
| 7D Medical and Surgical | 7L Refrigerating |
| 7E Motor | 7M General Plant |
| 7F Educational | |

When this form is used for Materials, the request must be made under one or more of the following sub-classifications:

- | |
|------------------|
| 8A Highways |
| 8B Sewer |
| 8C Industrial |
| 8D General Plant |

This form to be used for all appropriations classified as follows:

- 10 TRAVELING EXPENSES
- 11 COMMUNICATIONS
- 12 FIXED CHARGES AND CONTRIBUTIONS
- 13 GENERAL PLANT SERVICE
- 14 RENT
- 15 CONTINGENCIES
- 18 ACQUISITION OF REAL ESTATE

When this form is used for Traveling Expenses the request must be made under one or more of the following sub-classifications:

- 10A Transportation of Officials or Employees
- 10B Transportation of Inmates
- 10C Hotel Expenses

Forms E and EE, of similar dimensions respectively as the ones described above, were for requests for Repairs. The instructions regarding the filling out of form EE ran:

"On this form the departments will be required to insert all information that has been inserted in the first six columns on form E."

Blanks F and FF were for requests for construction. The instructions concerning the form FF were:

"On this form the departments will be required to insert all information that has been inserted in the first eight columns on form F."

The statement of instructions concluded, "The forms should not be folded but the tube enclosed used to return forms to the Executive Department."

The Comptroller's Estimate Forms

The comptroller issued his estimate forms about the same time as the governor to the various departments, boards, and institutions. They were three in number. There was an additional form for estimated receipts and revenues which will be described later. Accompanying these four forms was a statement of "instructions regarding the use of forms for appropriations desired at the 1917 session of the legislature."

The first blank form was for "appropriations desired." On this form all estimates of expenditures were to be stated, Personal Service, Maintenance and Operation, Repairs, Construction or Permanent Betterments, and Acquisition of Real Estate, with their sub-divisions.

All remarks "with reference to appropriations desired at the 1917 session of the legislature" were to be written on a separate blank entitled "Remarks."

Finally, the "summary of all appropriations desired" by each department, bureau or institution was to be filled out for presentation to the governor and the legislature of 1917 along with the other three forms.

Accompanying each set of forms was a set of "instructions regarding the use of the forms," which is printed below.

Form 5. 10-2-16—500 (5-5)

STATE OF NEW YORK
COMPTROLLER'S OFFICE
ALBANY, N. Y.

INSTRUCTIONS REGARDING THE USE OF FORMS FOR APPROPRIATIONS DESIRED AT THE 1917 SESSION
OF THE LEGISLATURE

It is suggested that the form of these requests follow the forms of the Joint Legislative Budget Committee which are now in your possession and should show:

1. All requests for Personal Service whether from General Fund or from other funds.
2. All requests for Other Maintenance and Operation whether from General Fund or other funds.
3. All requests for Construction or Permanent Betterments whether from General Fund or other funds.

SUMMARY OF APPROPRIATIONS

4. A summary of all appropriations desired by each State officer, department, commission, board or institution is to be filled out and signed by the proper official on the form provided and *four signed copies returned* with the detailed statements.

OTHER FUNDS

5. Items payable from funds other than the General Fund are to be shown on separate sheets properly headed to show the fund from which such items are to be paid.

REAPPROPRIATIONS

6. Reappropriations for the same purposes as those of the original appropriations are to be shown on separate sheets under the caption "Reappropriations." No reappropriation of any sum for purposes other than that for which it was originally appropriated will be considered.

GENERAL INSTRUCTIONS

8. Each item of desired appropriations is to be numbered consecutively, and the reasons for all appropriations are to be stated, in detail, by reference to item number, on the forms provided for remarks.

9. If any appropriation now desired has at any time in the past been disallowed, directly or indirectly, either by the Governor, the Legislature, the Finance Committee of the Senate or the Ways and Means Committee of the Assembly, the fact should be reported.

10. Four copies of all statements in detail are requested to be filed with the Comptroller at the earliest date possible, but not later than *November 1, 1916*.

11. Statements are to be returned without being folded. Envelopes addressed to the Comptroller are provided for this purpose. Additional copies of any of the blank forms will be supplied by the Comptroller on request.

EUGENE M. TRAVIS,
Comptroller.

Definitions of Classification of Expenses

The comptroller was directed by the terms of the general appropriation act of 1916, as hereafter explained, to prepare definitions of the various classifications of expenses used in the appropriation act. These definitions were sent to all the departments, institutions, etc., so that the estimates submitted this year were on a uniform basis. The definitions, as promulgated by the comptroller, follow:

In accordance with the provisions of Section 12, Chapter 646, Laws of 1916 which requires the Comptroller to prepare and publish definitions of the classification of expenses by title, I am submitting herewith for your information definitions covering expenditures from the above chapter, as follows:

1. PERSONAL SERVICE

Under this classification all salaries and wages paid to an official or employee, whether permanent or temporary, shall be classified and shall be arranged in the order and under the various headings and sub headings as they appear in the appropriation bill.

2. FOOD

All articles of food used in the institutions for their inmates, employees and others entitled by law to the same.

3. FUEL, LIGHT, POWER, AND WATER

All articles of substances, such as coal, wood, waste and oil used for cooking, heating, and generating power, cost of light or water purchased (except drinking water purchased for office use), electric lights, incandescent or arc.

4. PRINTING

Includes the cost of all publications and reports issued; circulars; letter heads; bill heads; rules and regulations printed for departments or public distribution; printed forms, on cards or otherwise, necessary for office, departmental or institutional work. This, however, does not apply to institutions where they have an established printing plant and whose product is sold to other institutions or departments. The materials used in this class of work is provided for under materials.

5. ADVERTISING

For advertising space in newspapers and periodicals, purchase of advertising devices, or the purchase or hiring of advertising displays.

6. EQUIPMENT

Equipment consists of every article of furniture and equipment necessary in an office; hospital; educational institution; laboratory; for manufacturing; laundry; farm and garden; live stock; library, including books and technical books for educational use; engineering offices; and for field equipment of engineering parties; as well as equipment used for general plant not particularly located in any part thereof, and consists of typewriters; adding machines; desks; tables; letter presses; racks; rugs; filing cases; duplicating machines; furniture; bedding; bed linen; towels; stoves, cooking utensils, tableware for dining room and kitchen, surgical instruments, operating tables, trucks, wagons, carts, handcarts, harnesses, horse blankets, automobile, motorcycles, motor boats and their equipment, wearing apparel or other apparel to be worn by patients, inmates of state institutions or employees of any department equipped by the state with clothing of any nature, school books, desks, chairs, black-boards, chemical laboratory apparatus, and appliances used in research work conducted by state departments or institutions, or by educational institutions, machinery and tools for construction of highways, sewers, industrial plants or construction of buildings, laundry machinery, farm machinery and implements, such as shovels, hoes, live stock, cattle, pigs, sheep, poultry and live specimens used in laboratory work, books for libraries, for educational use, books of reference such as directories, maps, atlases, dictionaries, drawing equipment, steel tapes, drawing tables, printing presses, blue print machines, etc., equipment for small shops, such as planes, wood-working machinery, iron-working machinery, both operated by hand or other power.

7. SUPPLIES

The term "Supplies" is intended to cover all articles purchased which are of a consumable nature and show a material change or appreciable deterioration in first usage and may be illustrated as follows:

All kinds of office supplies; stationery, pens, pencils, ink, books, blank headings used for office records, binders and loose leaf sheets for loose leaf devices, ice, drinking water (when used in an administrative office), scrubbing brushes, mops, brooms, toilet paper, matches, soap, soda, starch, blueing, scouring powders, cleaning preparations, acids, deodorants and disinfectants used in cleaning and bleaching processes, medicines, drugs, antiseptic, lotions, anesthetics, stimulants, bandages, gasoline, lubricating oil used in the operation of motor vehicles, grease, waste, cleaning supplies, automobile tires and tubes, artificial lighting preparations, spark plugs, parts of machines to replace those broken or worn, seeds, bulbs, plants, trees, shrubs, fertilizers, insecticides, germicides and other chemicals used in botanical and agricultural development, hay, grain for food for live stock and animals, poultry, and all veterinary supplies used in the care and experimental work on live stock and animals, salt, ammonia, and other articles used for refrigerating purposes.

8. MATERIALS

This classification is divided into the following sub-classifications:

Highway
Sewer
Industrial
General Plant

The appropriations under this classification apply more particularly to materials used by departmental or inmate labor, and includes expenditures for things which have not been finally adapted to a particular use and which require further modification or combination to adapt them for consumption or final use. Such items would be raw or crude materials, sand, broken stone, cement, trap rock, raw cotton, wool, tin, leather, cloth, lumber, paper stock, ink, stone, iron and other materials for use upon highways, sewers, industrial and general plant.

9. HIRED HORSES AND VEHICLES

Includes all expenditures for hired horses and vehicles for whatever purpose in a department, board, commission or institution, whether hired by the day, week, month or for a stated period, and should include regular drivers, or owner drivers of the same; livery charges, however, are incident to travel and are not chargeable to the above appropriation but are entered as heretofore under the appropriation for traveling expenses.

10. TRAVELING EXPENSES

Includes car fare of all descriptions; livery of all descriptions incident to travel; pullman service, where authorized; rooms and meals, steam boat fare and sleeping accommodations on the same; and all other charges heretofore recognized as incidental to traveling.

11. COMMUNICATION

All telephone rental, telephone tolls, telegraph and cable charges, postage, parcel post, expressage, and messenger service rendered directly to departmental office, institution, board or commission (telephone calls, telegrams, messenger service incidental to travel will be charged as heretofore under traveling expenses, except where carried as a petty cash item by the head of a branch or sub office for which reimbursement is made at the end of the month. In such cases the account should be sub divided under the proper headings).

12. FIXED CHARGES AND CONTRIBUTIONS

Under this classification should be charged interest on debt, redemptions and sinking fund installments, taxes and assessments payable by the State, awards by the Court of Claims, payments in lieu of general maintenance, payments for support of common schools and academies, for state scholarships and other contributions of any kind required by law, payments by the State for public ceremonies, premiums or prizes at agricultural fairs, rewards for escaped prisoners and inmates of other institutions, payments to employees of institutions in lieu of maintenance payments to inmates where legally authorized to receive compensation for their services, compensation for diseased animals condemned and destroyed by the State, annuities, pensions, authorized medical care of State employees; grade crossings, etc.

13. GENERAL PLANT SERVICE

Includes the cost of services other than temporary or regular employment, such as mechanics, engineering experts, surety bonds, employment of artisans, mechanics or laborers in connection with the general up-keep of a plant or an institution, department, board or commission not otherwise provided for.

14. RENT

Includes all amounts to be paid for the use of lands, buildings or real or personal property of any nature.

15. CONTINGENCIES

Is an appropriation provided to meet an expenditure which cannot be foreseen and for which an appropriation has not been specifically provided. It is not intended that this appropriation shall be used to supply deficiencies in other appropriations of a specific nature nor to be used as a general dumping ground, and all estimates and contemplated expenditures from a contingent appropriation should be specific in detail and if the use of the same comes within the definition of a specific appropriation it will necessarily have to be disallowed.

16. REPAIRS

Under this classification is included the cost necessary to restore a structure or part of a structure, for the equipment of a building, other than building equipment when the same is to be wholly or partially replaced, a road, sewer, viaduct, bridge, waterway, tug, launch, barge, or any other form of public structure or plant, to its original condition for safe, sanitary and serviceable use.

This appropriation is not to be confused with work to be done under the provisions of the General Plant Service or the General Plant Equipment or General Plant Supplies, which provides for petty repairs to buildings, material for the same and services as necessary for its installation, which work is ordinarily done by inmates with ordinary facilities at hand.

17. CONSTRUCTION OR PERMANENT BETTERMENTS

Includes new buildings or additions to buildings, and the original equipment for the same, new highways, sewers or drainage work, sewage disposal plants, reservoirs, water supply plants, pipe lines, canal construction, bridges, viaducts, railroad spur or track connection, construction of steamboats, tugs or other water craft necessary for the State service.

18. ACQUISITION OF REAL ESTATE

This classification includes appropriations for the direct purchase of real estate or for the payment for real estate obtained by the State under condemnation proceedings and includes not only the amount of the award but all the incidental charges of a condemnation proceeding other than the legal or other service furnished by State officers in the performance of their regular duties.

Heretofore this Department has depended upon the chapter number for identification, but as most of the appropriations are in one law, Chapter 646, and the fact that it has been divided in seven parts, the identification will necessarily now be by chapter number and part number. To illustrate,—“Chapter 646 Laws of 1916—Part 2.”

Also in arranging your schedules you will arrange the vouchers in the regular order and the titles in the regular order in which they appear in the bill.

Yours very truly,

(Signed) EUGENE M. TRAVIS,
Comptroller.

The Description of the Form for the Revenue Estimates Submitted by the Comptroller

While the Sage-Maier budget law empowered the joint legislative budget committee to procure and compile revenue estimates, no forms were submitted along with those for the expenditure estimates to the numerous departments and institutions which receive money in the shape of fees, fines, penalties, fees, etc. The legislative committee relied upon the comptroller for the details and obtained from him a summary of estimated revenues which was included in their budget statement. The governor followed the same policy with respect to the estimated revenues as did the legislative committee, obtaining the comptroller's estimate of the revenues and incorporating it in his “Budget Estimate.”

In order to ascertain the receipts of the eighty-four departments, commissions and institutions which collect fines, fees

costs, etc. during the present and ensuing fiscal year, the comptroller submitted a pink sheet to each department entitled "Estimated Revenues and Receipts for Fiscal Years July 1, 1916, to June 30, 1917 and July 1, 1917 to June 30, 1918." The statement of instructions relating to the filling out of the blank for the estimated receipts was a quotation from the law.

It was fortunate that the governor and the joint legislative budget committee did not proceed to obtain the estimates of the revenues for the coming year apart from and independent of the comptroller. If such had been the case, the eighty-four departments, commissions, and institutions which collect moneys for the state in the shape of fines, fees, receipts from the sale of lands, etc., would have quite likely been compelled to fill out blanks for the estimated revenues different from those sent out by the comptroller. This would have been another burden for more than half of the state departments to bear in addition to preparing the expenditure estimates.

INSTRUCTIONS REGARDING THE USE OF FORMS FOR ESTIMATED REVENUES

7. State Finance Law: "Section 37. Payments to State Treasurer.—After this section as amended takes effect, every state officer, employee, board, department or commission receiving money for or on behalf of the state from fees, penalties, costs, fines, sales of property or otherwise, shall on the fifth day of each month pay to the state treasurer all such money received during the preceding month and on the same day file a detailed, verified statement of such receipts with the comptroller, who shall keep an account thereof in his office. This section shall not apply to the manufacturing fund of the state prisons known as the capital fund, nor to the receipts of the manufacturing fund of the state hospitals for the insane, nor to the convict deposit and miscellaneous earning fund of the state prisons, nor to the working capital fund of the state commission of the blind. This section, as amended, shall be deemed to supersede any other provision of this chapter or of any other general or special law inconsistent therewith. (As amended by chapter 223, laws of 1916.)"

You are requested to make an estimate in detail of the receipts of your department from all sources, pursuant to the above law, for the fiscal year beginning July 1, 1916, and ending June 30, 1917, and also the fiscal year beginning July 1, 1917, and ending June 30, 1918, using the pink colored sheets for that purpose.

PREPARATION OF THE ESTIMATES

FORM 3. 10-2-16-1000 (5-3)

STATE OF NEW YORK

ESTIMATED REVENUE AND RECEIPTS FOR FISCAL YEARS JULY 1, 1916, TO
JUNE 30, 1917, AND JULY 1, 1917, TO JUNE 30, 1918

(State Officer, Department, Commission, Board or Institution)

SHEET No.

ITEM No.	ESTIMATED REVENUE AND RECEIPTS	FISCAL YEAR ENDED	
		JUNE 30, 1917	JUNE 30, 1918

The Practice in the Preparation of the Estimates

The situation in which the one hundred and forty departments of the New York State government found themselves last autumn will not be soon forgotten by the officers and employes who were called upon to work at the preparation of the estimates. Toward the end of August the joint legislative budget committee sent out five different estimate forms to the numerous spending officers of the state government. Shortly after the blanks were received and the work of preparing the estimates was begun, the departments were thrown into confusion by the demand of the governor for estimates to be prepared on twelve more different forms. Almost immediately following the governor's order came that of the comptroller to prepare the estimates on five other kinds of forms for his office.

Faced by the task of preparing twenty-one different kinds of estimate forms, it is no wonder that the departments and institutions almost collapsed under this threefold bombardment by estimate blanks. For weeks chaos reigned throughout the departments of the government. Frantic appeals were made for permission to change items at the last minute. Forms were lost, and, sometimes, if the forms of another agency were not lying around which might serve as substitutes, blank paper was used. Quite frequently, however, it meant further delay in returning the information to the budget agency through the request of the delinquent department for a new set of estimate forms.

As far as time permitted, investigation of the original blanks showed that directions were as a rule followed closely. There were, however, exceptions to this. One example was found in the preparation of the estimates for "maintenance and operation" on the governor's blanks. The columns headed "total quantity," "number of units" and "price per unit" were not filled out at all. But this was a pardonable omission for the old-fashioned book-keeping methods used by the state departments precluded all attempts to prepare estimates on a cost accounting basis. Again, it was noticed that the definitions of such expense items as "supplies," "materials," "equipment" and "general plant service" were not properly observed. Expenditures for motor trucks or office equipment were sometimes placed in the class of "supplies" or "materials." Lemons, apples, napkin-rings, and entertainment necessities were classified under "general plant service," while the classification "general plant service" was frequently placed under "materials," "supplies," or "equipment." Finally, the estimates remitted to the comptroller were often lumped together with no itemization at all, while those remitted to the governor and the legislative budget committee were almost invariably segregated or itemized. One case, however, was found where the estimate of one department was in one lump sum on the blanks of all three budget agencies. This department was the legislative bill drafting commission, which made out its estimated expenditures as follows:

Item No.	Appropriation Desired	Amount
1	For Salaries and Expenses	\$35,500.00

In one or two instances the comptroller had to take last year's appropriation in place of a department's missing estimates and set it down as the request for the ensuing fiscal year of 1917-18.

Estimate forms drifted in from the scores of departments, bureaus and institutions over a period of three months. Beginning with October 1, 1916, for the first few days the forms came in fairly fast. A lull ensued during the latter part of October and the month of November. By the beginning of December the majority of the departments hastened to finish up the work of

estimating their expenses for the coming year. This resulted in great confusion and careless work. Estimates continued to be filed all through December, January and some even in February, but the 1917 arrivals were all revised deficiency estimates. Such a slow procedure naturally caused great delay and trouble for the budget agencies and the state printer. During the latter part of December, to enable the budget agencies to complete the compilation of the estimates, several emergency calls were sent out to dilatory officers ordering them to board the first train for Albany and bring their estimate forms with them, filled out or blank. Finally it was said that if the governor's budget bureau had not had a "round table" conference during the compiling process numerous items would have been omitted because the only documents from some departments and bureaus were personal letters written to some one of the governor's budget staff—no forms whatever were returned.

CHAPTER IV

THE COMPILATION OF THE ESTIMATES

The Tabulation of the Estimates

The tabulation of the requests by the three agencies was a mammoth task. The legislative committee, the governor's budget bureau and the comptroller's office were overwhelmed at the last minute by a veritable avalanche of estimate forms and explanatory data. Due to the short space of time—three weeks at most—before the legislative session opened, the work was naturally more intense than it would have been had the departments and offices of the state government complied with the request to return the forms on the date set.

In December, the tabulation began. With the help of two clerks, accountants and stenographers, the legislative joint committee was the first to publish the estimates in a volume of 1,000 pages entitled "Requests for Appropriations." The book of requests was mailed to each member in advance during the last week in December and was laid before the legislature on the opening day of the session, January 3, 1917.

In August 1916, the governor organized his "Budget Bureau" to grapple with the problems of public finance. His experts worked feverishly throughout the last two weeks of December inspecting the estimate forms, tabulating requests, gathering comparative data, and compiling the whole into a tome of 701 pages. The estimates compiled, the governor's budget experts then set out to draft an appropriation bill. This resulted in a second volume of 714 pages, entitled "Tentative Appropriation Act for 1917-18." In addition to these two bulky volumes, the governor issued a 75 page brochure containing a discussion of budget making, a budget statement and a comparative tabulation of the estimates. All three documents appeared on the desks of the legislators January 3, 1917.

Waiting several weeks after November 1, 1916, for the return of all the forms, the comptroller finally directed one of his deputies to begin the tabulation of the estimates already filed in his office. The estimates were compiled into a volume containing 277 pages

twice the length and width of the pages employed in the publications of the other two budget agencies. The comptroller's document embraced the revenue estimates, the expenditure estimates and comparative data in detail, and also recapitulated and summarized the totals of both expenditure and revenue estimates. But the other two agencies had passed the comptroller's force in the race to the printer. Crowded with the work of the other two budget makers, the printer was unable to publish the comptroller's volume and get it placed on the desks of the legislators until ten days after the date fixed by law, January 3, 1917.

The New York *Evening Post's* lively description of the work done on the estimates represents a point of view that serious minded budget workers may have overlooked. It is reprinted, in part, from the issue of January 18, 1917.

"PATCHING UP STATE FINANCIAL SYSTEM."

"Thanks to the reforms in the last two years anybody who is interested can find out more about those hows, whys and whats than he could before and that is something he should be duly grateful for.

"GREAT VOLUMES NOW AVAILABLE

"Where before there was little or nothing for his guidance, there are now great volumes of facts and figures that would take him a week to read. Heaven forbid, however, that he should have to read them all. The comptroller's report, transmitting the departmental requests to the legislature; 'the governor's compilation of desired appropriations,' a little matter of 700 pages of small type set 'solid'; the governor's 'tentative appropriation act,' another matter of 700 pages, only in larger type; the governor's 'budget estimate,' the juice of the other two volumes squeezed into 75 pages, and the 'requests for appropriations' as they have been filed with the Legislative Budget Committee, a thousand-page pamphlet.

"In all this there is an enormous amount of duplication of effort. The departments were almost driven distracted filling out the different forms sent them by the comptroller, the governor, and the legislative committee. The chiefs of the departments who had to appear before the governor to explain their demands will probably have to appear all over again before the finance committees. The executive and the legislative branches of the Government, namely, in this case, Governor Whitman and Senator Henry M. Sage, Chairman of the Senate Finance Committee,—are at odds most of the time, and don't trust each other around the corner. Nevertheless, things are better than they were and duplication of this kind of effort is doubtless preferable to no effort at all.

"Of course, the Governor's 'budget staff' is a farce. To do the work of compiling, analyzing, and scientifically revising desired appropriations of upwards of 80 millions, the Legislature magnanimously allowed him one secretary and two stenographers; no expert accountants. What happened? The Governor borrowed Charles F. Hervey of the Public Service Commission. Commissioner Hervey borrowed six experts from Comptroller Prendergast (N. Y. C.). The six experts borrowed six blue pencils, took the Empire State Express to Albany, and wrought havoc among the galley proofs. When the slaughter was over, 15 million dollars were left dead on the field. The other 65 millions went into the governor's tentative appropriation bill."

The Comptroller's "Blue Book"

The Comptroller's "Blue Book" was a large book of 277 pages, 8½ inches by 11½ inches, with a blue paper cover, entitled "Annual Tabulation of Statements of Desired Appropriations Filed with the Comptroller of the State of New York." Opening to page 9, one finds a "statement of estimated revenues and expenditures for general purposes of government and resultant cash balances for the fiscal year ending June 30, 1917, compared with the actual cash results for the fiscal year ended September 30, 1915, and the nine months ended June 30, 1916 (exclusive of trust funds, sinking funds, etc., and construction moneys derived from the sale of bonds)." Briefly, this statement is a comparative summary of the financial accounts for the years 1914-15, 1915-16, and 1916-17.

On the next page is a "statement of estimated resources to meet general budget appropriations of the legislature of 1917." This comprises an estimate of the revenues for the year 1917-18 under the existing tax laws. Below, on the same page, is a "comparative statement analysing by general functions of state government the budget appropriations desired from the legislature of 1917, the budget appropriations made by the legislature of 1916 and the expenditures for the nine months ended June 30, 1916." This statement is a comparative summary, arranged by functions, of the expenditures for 1915-16, the appropriations for 1916-17 and the estimate expenditures for 1917-18.

On the next page is a "comparative statement analysing by character of expenditures the budget appropriations desired from the legislature of 1917, the budget appropriations made by the legislature of 1916 and the expenditures for the nine months ended June 30, 1916." The comptroller conceived classification by character of expenditures to include Administration, Maintenance and Operation, Fixed Charges and Contributions, and Capital Outlays.

A "summary of tabulation of statements, filed with the comptroller, of budget appropriations desired at the 1917 session of the legislature, compared with budget appropriations made by the legislature of 1916," is printed on pages 12 and 13. This statement spreads itself across two whole pages. The first column constitutes the functional divisions of government which are:

- | | |
|-------------------|----------------|
| 1. Executive | 4. Judicial |
| 2. Administrative | 5. Regulative |
| 3. Legislative | 6. Educational |

- | | |
|-----------------|------------------|
| 7. Agricultural | 12. Protective |
| 8. Defensive | 13. Constructive |
| 9. Penal | 14. General |
| 10. Curative | 15. Debt Service |
| 11. Charitable | 16. Canal Fund |

Below these are listed eleven funds which are distinct from the general fund or state treasury, but from which appropriations are made. The next three columns are headed respectively (1) "Available July 1, 1917," (2) "Immediately Available," (3) "Total Appropriations Desired." Above these three sub-headings stands the main heading, "Budget Appropriations required at the 1917 Session of the Legislature." The next two columns to the left are respectively entitled (1) "Increase over Appropriations of 1916," (2) "Decrease from Appropriations of 1916." These two sub-titles are capped by the main title of "Budget Estimate Changes." Finally, the last three columns to the left are entitled "Budget Appropriations made by the Legislature of 1916," and each column has a sub-title (1) "Available July 1, 1916," (2) "Immediately Available," and (3) "Total Appropriations."

Pages 14-249 contain in detail the "tabulation of statements, filed with the comptroller, of budget appropriations desired at the 1917 session of the legislature, compared with budget appropriations made by the legislature 1916." The classification is arranged according to the sixteen divisions of government printed above. The columns of figures number eight as in the general summary just described. The first three columns constitute the estimated expenditures, the next two increases or decreases over the 1916 appropriations, the last three comprise the 1916 appropriations.

Under each division of government, the classification of personal service is by organization units. Maintenance and operation expenditures are classified by objects as follows:

- | | |
|--------------------------------|-------------------------------------|
| 1. Food | 9. Traveling Expenses |
| 2. Fuel, light, heat and power | 10. Communication |
| 3. Printing | 11. Fixed Charges and Contributions |
| 4. Advertising | 12. Rent |
| 5. Materials | 13. General Plant Service |
| 6. Equipment | 14. Contingencies |
| 7. Supplies | 15. Repairs |
| 8. Hired Horses and Vehicles | |

The remaining appropriations are classified under capital outlays:

1. Construction and Permanent Betterments.
2. Acquisition of Real Estate.

All appropriations, both for the two previous fiscal years and the coming year, are in "lump sum" form. The minute segregation of items so noticeable in the governor's and the joint budget committee's books of estimates was not followed by the comptroller.

Pages 250-251 contain a condensed summary of the 1917 estimated expenditures, compared with the 1916 appropriations and the 1915 expenditures. The analysis of costs is by objects—personal service, food, light, heat and power, etc.—although the comptroller's statement erroneously terms it an analysis by character of expenditures. The classification followed in the first column is the usual functional divisions of government. Pages 252-269 repeats this scheme only in great detail, that is, the organization units comprising each of the functional divisions are dealt with one by one instead of being lumped into a single division. Pages 270-274 contain a "condensed comparative statement of revenue receipts, and expenditures for general purposes of government, with transfers between funds added, for the nine fiscal years ended September 30, 1915, and the nine months ended June 30, 1916." Pages 274-5 contain a "condensed balance sheet" as of July 1, 1916. Page 276 contains a "comparative statement of general fund revenue receipts, expenditures, surplus or deficiency for the nine months ended June 30, 1915, and June 30, 1916." The last page, 277, contains a "statement of general fund appropriations in force July 1, 1916."

The Joint Legislative Budget Committee's "Yellow Book"

The legislative committee's book of estimates, 9 inches by 6 inches, is entitled the "Requests for Appropriations to be made at the 1917 Session of the Legislature as They Have Been Filed with the Legislative Budget Committee." The opening pages contain the report of the committee signed by the chairmen and clerks of the senate finance and the assembly ways and means committees which acted jointly. The requests are summarized in various ways—the main classes of expense such as personal service, maintenance and operation, construction and repairs,

etc., are totaled for all departments, the total increases are tabulated by the functional divisions of government, and all of the requests explained in general terms and figures. A few additional requests which were received after the tabulation had been made up are printed separately with the explanations. Then follows a "summary of requests, compared with 1916 appropriations," a classification of the estimates by departments and institutions compared with the 1916 appropriations, and finally the detailed estimates arranged after the functional divisions of government.

The detailed estimates are classified by organization units. In the first column of personal service estimates is placed the title of the position, the name of the incumbent, arranged by division or bureau. There are six columns of figures; the first two constitute expenditures in 1914 and 1915, the third contains the 1916 appropriation, the fourth the 1917 request, and the last two the increase or decrease in amount. Under "maintenance and operation" classification by objects is followed for the total department food, printing, advertising, equipment, supplies, materials, etc., the columns of expenditures for 1914 and 1915, the 1916 appropriation, the 1917 estimated expenditures, and the increase or decrease. Under construction and repairs the first column comprises the description of the work to be done, the remaining six columns contain the amount previously authorized, the amount previously appropriated with date, the amount needed to complete contract, the value of work done to date, the request for repairs, and the request for new construction.

The Governor's "Green Book" and "Budget Estimate"

The "Green Book" bulky with its 701 pages, 9 inches x 6 inches, is entitled "The Governor's Compilation of Desired Appropriations by the State Departments and Institutions." Transmitted to the legislature on January 3, 1917, this book states on the opening page that it is a compilation of "the departmental requests subdivided and scheduled under the Governor's classifications for salaries and wages and other expenditures for the fiscal year 1917-1918." The classification followed is different from that followed by the comptroller and the joint budget committee. The classification is partly by functions and partly by governmental divisions of which there are eighteen:

- | | |
|--|--|
| (1) The executive | (12) Supervision and care of insane |
| (2) The legislative | |
| (3) Courts and court reporters | (13) Supervision and care of dependents and defectives |
| (4) Elective officers | |
| (5) Educational | (14) Supervision and custody of criminals |
| (6) Military and naval service | |
| (7) Supervision of state functions | (15) Regulation of industries, public utilities and health |
| (8) Supervision and care of public buildings | |
| (9) Conservation of natural resources | (16) Canals and highways |
| (10) Agriculture | (17) Mandatory debt service of the state |
| (11) Public parks, reservations, historical places and monuments | (18) State park land debt sinking fund |

In the foreword of the volume the reader is informed that "these requests are arranged in accordance with the expense classifications adopted by the Governor's Budget Conference of 1915 and are an expression of desired appropriations in terms which mean the same thing for every department where classifications apply." Increases and decreases in compensation or the establishment of new positions are indicated in the detailed estimates. "The total of requests," says the governor, "both for personal service and for maintenance and other expenditures for other than personal service, have been supported by a comparison of expenditures for the year ended June 30, 1916, and by the appropriations of 1916-17 classified in the same way. In personal service, the schedule lines of the Appropriation Act of 1916-17 are shown against the schedule lines of personal service desired. To permit of comparison, the Departmental recapitulations of last year which showed the expenditures for the fiscal year ended September 30, 1915, and the desired appropriations upon which the 1916-17 appropriations were based have been included for each department and institution." For each department, commission, bureau, board, institution, etc. there are two recapitulations, one for 1916-17 and one for 1917-18. The 1916-17 recapitulation constitutes a comparative summary of the 1915 expenditures and the 1916 appropriations classified by objects—that is, personal service, printing, equip-

ment, supplies, etc. The 1917-18 recapitulation is a similar comparative summary of the 1915 expenditures, the 1916 appropriations and the 1917 estimated expenditures classified by objects of expense. Following the two "recaps," come the detailed estimates of personal service by departmental subdivisions. This is entitled the "schedule line." The first column of figures comprises the "existing schedule line" showing the number of employes and the amount of compensation. The second column is the "requested schedule line," showing the number of employes, the amount of compensation desired and the name of the incumbent. Below the personal service items are printed the "maintenance and operation" data, according to the usual classification of expense, viz. food, printing, advertising, equipment, supplies, materials, etc. The columns of figures show first, the expenditures from July 1, 1915 to June 30, 1916, the next two contain the departmental requests which are divided into appropriations "to be made immediately available" and estimated expenditures "for the year July 1, 1917 to June 30, 1918."

The estimates of the revenues are not included in this compilation of estimated expenditures, but are combined in a green-backed pamphlet of 75 pages entitled "The Governor's Budget Estimate." This book is in the nature of a financial message, stating the ideas of the governor in regard to the probable revenues of the State for the ensuing fiscal year, and "other matters relative to the financial procedure of the State." The first twenty pages comprised a discussion on the following topics, "the executive and the state budget," "the estimate of resources to meet new appropriations," "the necessity for permanent additions to the revenues of the state," "the estimate of appropriations required," "the increase in the debt service of the state," "the deficiency allowances and increased appropriations for food, fuel, clothing and supplies," which were due to "war conditions," "the personal service of the state," "legislative printing," "public works," "highway maintenance," "the Saratoga Springs Capital Fund," "a constructive policy for hospitals, charitable institutions and prisons," "the form of the appropriation bill," and the "reappropriations." Then followed four "exhibits." Exhibit A constituted a "statement of the state comptroller showing actual revenues and expenditures of government for the period from October 1, 1914, to June 30, 1916; estimated receipts and disbursements to June 30, 1917, and es-

timated revenues to June 30, 1918." Exhibit B was a "comparison by class of expenditure of the appropriations included in the Governor's tentative appropriation act for 1917-18, with the appropriations of the Legislature of 1916 and with the appropriations requested for 1917-18 by the various departments, institutions and offices of the State." Exhibit C was a "comparison by classes of expense of the appropriations of the Legislature of 1916, with the Governor's tentative appropriation act for 1917-18." The last exhibit, D, contained "the departmental totals of the Governor's tentative appropriation act of 1917-18, segregated into parts, comparable with the legislative appropriation act of 1916."

The Excess of Salary Increases over Decreases

The tabulation of the salary increases and decreases requested, that follows, is largely composed of insertions of new positions and the elimination of old. Frequently the names of positions were changed and the salaries were to be raised or lowered. The total number of instances where salaries were raised or new positions were to be created was 4,308, while the total number of decreases in salary and the abolition of positions was only 585.

A survey of the long list (pp. 49-50) is evidence of the swift extension on the part of the state government of its social functions. The large increases in the forces of the industrial commission, the two public service commissions, the educational, charitable, curative, and corrective institutions furnish eloquent proof of this.

This list of increases in salary and the creation of new positions demonstrates another fact, viz., the tremendous burden that the joint budget committee had to shoulder. This, according to Senator Sage, chairman of the committee, was the hardest job in the whole process of making the 1917 budget. He and the committee worked night after night for practically three months trying to separate the sheep from the goats. Should this hospital interne get a \$60 increase or that bookkeeper get a \$120 increase? In hundreds of instances just such questions as these had to be decided, and the department heads were kept constantly on the *qui vive* answering the calls of the committee for explanations. A standardized civil service would have saved untold labor and time for the committee had such a system been in operation.

How and Where the State Payroll is Increasing

	NO. OF INCREASES REQUESTED	NO. OF DECREASES REQUESTED	AMT. OF INCREASES REQUESTED	AMT. OF DECREASES REQUESTED
<i>Executive</i>				
Executive Dept.	5	8	\$10,800.00	\$12,150.00
<i>Administrative</i>				
Secy. of State	71	2	18,640.00	320.00
State Comptroller	48	17	39,088.33	27,605.00
State Treasurer	5	1	950.00	300.00
Att'y General	51	5	25,600.00	4,780.00
Civil Service	34	1	19,060.00	360.00
<i>Legislative</i>				
Joint Leg. Budget Com.	2	0	3,000.00	.....
Bill Drafting Com.	0	1	.....	4,450.00
<i>Judicial</i>				
Courts of Appeals	9	0	9,310.00	.....
Supreme Court	6	16	57,566.02	109,309.25
Appellate Division	4	11	19,743.74	18,070.92
State Reporter	4	0	2,100.00	.....
Sup. Ct. Reporter	2	0	600.00	.....
Miscellaneous Reporter	1	0	1,000.00	.....
Court of Claims	4	0	4,180.00	.....
<i>Regulative</i>				
Excise Dept.	20	3	6,950.00	2,020.00
Dept. of Health	58	7	92,100.00	3,760.00
Dept. of Health (Div. of Lab.)	53	0	61,820.00	.....
Board of Examiners	2	0	8,900.00	.....
Feeble Minded, etc.	...	..	.....	.....
State Industrial Com.	312	31	237,930.00	39,500.00
Pub. Ser. Com. 1st Dist.	342	..	508,512.00	.....
Pub. Ser. Com. 2nd Dist.	50	0	20,450.00	8,880.00
Health Officer, Port of New York	63	23	190,460.00	10,630.00
Supt. of Elections	116	4	21,840.00	2,880.00
Tax Department	50	0	19,575.00	.....
Athletic Com.	1	0	300.00	.....
Institute for Study of Malignant Diseases	9	0	4,092.00	.....
Dept. Foods & Markets	29	0	42,500.00	.....
Dept. Weights & Measures	9	0	5,380.00	.....
Bd. of Embalming Exam.	2	0	250.00	.....
Bd. of Port Wardens	2	0	1,600.00	.....
<i>Educational</i>				
Ed. Dept. Univ. of State of New York	42	1	82,259.66	620.00
Ed. Dept. Prof. Exam. Bur.	22	5	13,550.00	830.00
Ed. Dept. Military Training Com.	2	0	600.00	.....
Ed. Dept. State College for Teachers	59	0	25,851.00	.....
Ed. Dept. Brockport Normal	33	0	4,065.00	.....
Ed. Dept. Buffalo Normal	42	5	6,763.00	1,980.00
Ed. Dept. Cortlandt Normal	15	0	4,925.00	.....
Ed. Dept. Fredonia Normal	31	0	4,500.00	.....
Ed. Dept. Genesee Normal	34	0	9,074.00	.....
Ed. Dept. New Paltz Normal	12	0	1,600.00	.....
Ed. Dept. Oneonta Normal	37	0	4,160.00	.....
Ed. Dept. Oswego Normal	20	0	5,560.00	.....
Ed. Dept. Plattsburg Normal	25	0	2,950.00	.....
Ed. Dept. Potsdam Normal	29	0	6,950.00	.....
Summer Sessions	4	0	8,700.00	.....
N. Y. S. Com. for Blind	16	1	7,400.00	360.00
Alfred Univ. School of Ceramics	1	0	50.00	.....
N. Y. S. Nautical School	34	2	6,870.00	1,080.00
<i>Agricultural</i>				
Dept. of Agric.	125	3	84,968.48	12,275.00
N. Y. Agric. Experiment Station	17	0	4,974.70	.....
Alfred Univ. School of Agric.	16	2	2,040.00	820.00
Cornell Univ. School of Agric.	69	3	169,573.34	640.00
Cornell Univ. Veterinary College	20	6	1,344.00	7,900.00
N. Y. S. School of Agric., Morrisville	4	1	1,320.00	120.00
N. Y. S. School of Agric., St. Lawrence Univ.	5	0	1,100.00	.....
N. Y. S. School Forestry, Syracuse Univ.	53	3	42,356.00	960.00
N. Y. S. School Agric. & Domestic Science, Delhi	15	0	6,075.00	.....
N. Y. S. School, Farmingdale	22	4	15,070.00	420.00
Schoharie St. School of Agric., Cobleskill	13	2	10,100.00	580.00
State Fair Com.	1	0	3,900.00	.....
<i>Defensive</i>				
Adjutant-Gen'l's Office	38	0	26,600.00	.....
Nat'l Guard	8	0	22,210.00	.....
Naval Militia	3	0	5,780.00	.....
Cruises, Exercises, Instruction, Target Practice	2	0	5,850.00	.....
Armory Com.	3	0	1,000.00	.....

THE NEW YORK STATE LEGISLATIVE BUDGET

	No. OF INCREASES REQUESTED	No. OF DECREASES REQUESTED	AMT. OF INCREASES REQUESTED	AMT. OF DECREASES REQUESTED
<i>Protective</i>				
Trustees of Valuable Bldgs.	1	0	\$1,500.00	
Dept. of Public Bldgs.	22	2	10,099.10	\$1,332.00
Conservation Com.	81	13	64,118.00	20,195.00
Palisades Interstate Park	22	2	22,860.00	780.00
St. Reservation Niagara	4	0	2,060.00	
Schuyler Mansion	1	0	250.00	
Newtown Battlefield	1	0	100.00	
Stony Pt. Battlefield	2	0	400.00	
Fire Island St. Pk.	4	0	1,085.00	
John Boyd Thacher Pk.	2	0	1,750.00	
Letchworth Park	2	0	1,700.00	
N. Y. Monuments Com.	2	1	1,356.00	1,500.00
Philipse Manor Hall	1	0	100.00	
Sir Wm. Johnson Mans.	2	0	100.00	
<i>Constructive</i>				
St. Eng. & Surveyor	1	0	2,500.00	
Dept. of Architecture	22	2	3,300.00	3,600.00
Highway Dept.	9	8	8,950.00	1,811.00
<i>General</i>				
Banking Dept.	12	1	24,865.00	3,250.00
Insurance Dept.	65	0	10,976.00	
<i>Canal</i>				
Supt. of Public Wks.	328	171	181,093.20	176,256.00
<i>Penal</i>				
Prison Dept.	9	0	2,200.00	
St. Bd. of Classification	3	0	2,250.00	
St. Ccm. of Prisons	3	0	1,350.00	
St. Probation Com.	6	0	4,000.00	
Sing Sing Prison	60	10	48,741.67	8,124.25
Auburn Prison	14	2	13,159.84	3,200.00
St. Prison for Women, Auburn	8	0	3,962.00	
Clinton Prison	47	0	18,623.01	
Gr. Meadow Prison	19	0	1,801.25	
St. Farm for Women	9	1	4,820.00	480.00
Matteawan St. Hosp.	69	2	17,287.35	89.00
Dannemora St. Hosp.	32	5	6,605.00	1,591.00
<i>Curative</i>				
St. Hospital Com.	33	1	18,128.00	300.00
Utica St. Hosp.	24	4	10,695.00	412.00
Willard St. Hosp.	37	15	22,469.00	5,448.00
Hudson River St. Hosp.	54	17	18,880.00	1,887.00
Care of Mohauaic St. Hospital|Farm	7	0	2,748.00	
Middletown St. Hosp.	55	15	29,164.03	396.00
Buffalo St. Hosp.	22	13	14,032.33	2,339.00
Binghamton St. Hosp.	75	1	20,802.00	246.00
Rochester St. Hosp.	26	7	20,290.33	84.00
St. Lawrence St. Hosp.	46	16	17,237.84	1,247.00
Brooklyn St. Hosp.	59	3	61,049.41	588.00
Kings Park St. Hosp.	56	1	20,289.67	624.00
Manhattan St. Hosp.	46	32	26,457.33	3,786.00
Central Islip St. Hosp.	68	7	46,777.20	289.00
Gowanda St. Hosp.	38	7	11,117.00	100.00
<i>Charitable</i>				
St. Bd. of Charities	32	0	8,890.00	
Fiscal Supervisor	3	0	980.00	
Western House of Refuge for Women, Albion	45	1	5,985.00	2.00
N. Y. S. School for Blind, Batavia	17	0	2,288.00	
N. Y. Soldiers' & Sailors' Home, Bath	17	3	8,472.00	704.00
N. Y. S. Reformatory for Women, Bedford Hills	47	0	12,720.00	
N. Y. S. Reformatory, Elmira	9	2	4,705.33	283.33
N. Y. S. Training School for Girls, Hudson	71	15	11,150.00	417.50
St. Agricultural & Industrial School, Industry	18	4	7,960.00	300.00
Thomas Indian School, Iroquois	18	0	4,734.00	
Eastern N. Y. Reformatory, Napanoch	6	2	2,756.67	1,650.00
N. Y. S. Custodial Asylum for Feeble-Minded Women, Newark	12	0	10,780.00	
N. Y. S. Women's Relief Corps Home, Oxford	15	2	3,822.00	660.00
N. Y. House of Refuge at Randall's Island	27	14	3,798.00	1,955.00
N. Y. Hospital for Treatment of Incipient Tuberculosis, Ray Brook	15	0	2,910.00	
Rome State Custodial Asylum	29	0	37,160.00	
Craig Colony for Epileptics, Sonyea	25	1	19,604.00	768.00
Syracuse St. Institution for Feeble-Minded Children	42	1	6,120.00	480.00
Letchworth Village, Thiels	32	3	19,574.33	240.00
N. Y. S. Hospital for Care of Crippled and Deformed Children, West Haverstraw	79	2	25,660.00	360.00
Training School for Boys, Yorktown Heights	1	0	210.00	
Grand totals	4,305	577	\$3,036,765.16	\$521,374.25

Without attempting to list all of the reasons given for requested salary increases, the original estimate forms show that the following were most frequently advanced:

- 1—Efficiency and faithfulness
- 2—Length of service
- 3—Increase in the amount of work to be performed
- 4—To keep employes from accepting private positions
- 5—To make the salary a round figure
- 6—To raise salaries which had been accidentally cut through errors in setting up the appropriation bill in previous years
- 7—Because the incumbent devotes all his time to his work
- 8—To put the salary up so that it will correspond with other salaries for the same class of work (standardization of salaries in conformity with position)
- 9—The high cost of living

An Appraisal of the Work Done

After studying the original estimate forms and the several documents of tabulated estimates one cannot but speculate what an advance in budget making would have been made by the government of New York State, if the three budget agencies had co-operated with one another, had centered their energies on one instead of three budgets. By combining all the good points of the three documents prepared by the several budget agencies, and omitting the errors due to lack of co-operation and unprecedented haste and confusion, New York State would have set a new standard in the preparation of financial legislation.

What would have been the strong points of the New York State 1917 budget if the three agencies had joined forces and produced a single tabulation of estimates?

1. The classification of expenditures by departments, by objects, by functions and by character of expenditures
2. A recapitulation or summary of the department's 1915 expenditures, its 1916 appropriations, and its estimated expenditures for 1917, arranged in comparative tables and placed above the detailed estimates of each department, office or institution
3. Printed explanations of all items in the book of estimates which were new or that had been changed from the previous year's appropriations
4. A balance-sheet for the year ended June 30, 1916

5. The insertion of a blank ruled page between each page of figures on which a member of the legislature might record his comments
6. The estimated appropriations involved in bills other than the annual appropriation bill
7. The estimates of the revenues
8. The estimated amount necessary to be raised by new taxation or by direct tax

CHAPTER V

THE REVIEW OF THE ESTIMATES AND THE MAKING OF THE BUDGET

When the members of the legislature convened for the 1917 session on January 3, 1917, they found on their desks the four thick books of figures and the pamphlet already described. With two thousand seven hundred and sixty-seven pages of dollar signs, digits, and printed matter confronting the representative body, the legislature proceeded as if most of the reports had never been made. Special appropriation bills and tax proposals of all kinds immediately began to accumulate, and the members, with few exceptions, acted as if they had never heard of the "executive budget" or the Sage-Maier budget law.

I. THE COMPTROLLER'S RELATION TO THE BUDGET

In past years, the comptroller has played a much more important rôle in the making of the state budget than he has this year. Formerly the comptroller co-operated with the legislative committees throughout the entire period when the appropriation bills were being drafted and passed. He not only worked out the adjustment of the taxes to meet the expenditure program but he exerted a very important influence on the budget proposals. This year, the comptroller centered his efforts largely on the revenue side of the budget, although his recommendations extended in part to the supply and the supplemental bills which totaled practically four million dollars.

In the matter of revenues, the comptroller's estimates for the ensuing fiscal year were adopted by both the governor and the joint legislative budget committee. Besides estimating the probable revenues for the year 1917-18, he recommended to the committees on taxation and retrenchment several important changes in the tax law. Because of the subterfuges resorted to by corporations to escape the franchise tax, he advised "that an equivalent tax be levied upon all interest-bearing obligations negotiated in lieu of assessable capital stock."¹ This resulted in the introduction and passage of the Mills bill which abolished

¹ Comptroller's Report of 1917, p. XVIII.

the Secured Debts tax and substituted a tax on investments such as bonds, notes and other obligations. In the matter of doubling the tax on mortgages and stock transfers he was consulted by the tax committees and he also recommended an increase in the inheritance tax.

Finally the work of estimating how much money had to be raised by a direct tax to pay the necessary contributions to the state sinking funds was performed by the comptroller also. He determined the size of the millage tax on property and drafted the appropriation bill which Senator Sage sponsored and which appropriated the money raised by the direct tax to defray the expenses of the debt service.

Taken as a whole, the services rendered by the comptroller to the legislature in preparing the budget were highly important during the 1917 session, although they were not nearly so extensive in the matter of appropriations as in years past.

II. THE GOVERNOR'S RELATION TO THE BUDGET

On the subject of the executive budget, Governor Whitman this year seemed to modify the attitude assumed by him in 1916. In the pamphlet entitled, "The Governor's Budget Estimate," he wrote: "The form of government of the State of New York does not permit of this close relation [referring to the practice in Great Britain] between the Executive and the Legislative branches of government. If the Legislature fails to agree with the Executive, the Executive does not thereby cease to be the Executive, and therefore a parallel in support of the Executive budget plan cannot be drawn between the British form of budget and one for the State of New York."

Since the present structure of state government in his opinion prevented the establishment of the executive budget, the governor offered the following remedy. "I asked in my message of last year for legislation to bring about the submission to the people of an amendment to the Constitution which would permit the Executive to reduce as well as veto items of appropriation. This failed of passage last year, and I again urge its approval because by it I believe that all necessary power is given to the Executive for control over appropriations of government in this State, and that if that power is granted it will eliminate those objections which now give rise to the demand for an Executive Budget."

In addition he requested the legislature to adopt a new form of appropriations where increases in the payroll were involved, as

follows: "I recommend that the existing salary of each employee so increased be set forth in one item, and that the proposed increase in compensation be set forth in another item immediately following. I have conferred with the Attorney-General as to this proposition and have his opinion that this suggested form will be legal and constitutional." The object of this suggestion was to allow the governor to prevent increases in salary without vetoing the entire item and so abolishing the position.

The enactment of the Sage-Maier budget law, granting to the executive concurrent power in the preparation of the budget, gave the governor opportunity to exert some influence over the budget which the legislature was to prepare.

Simultaneously with the inception of the legislative budget committee's activities, Governor Whitman organized his budget bureau. He appointed Mr. J. H. Wilson, a man who had had some experience in the administration of the state prisons, as secretary of the bureau. In addition, Mr. William A. Orr, secretary to the governor, was delegated to direct the work.

During December 1916, it was necessary to call upon outside help to aid in drafting the "tentative appropriation act" which the governor planned to lay before the legislature on the opening day of the session. The work was done in a very hasty fashion because the estimates had been very slow in coming in from the numerous departments of the state government. This fact considerably weakened the influence of the bill in keeping the legislative appropriations at a minimum, yet the governor's budget force by continuing to revise the figures during the month of January managed to collect enough information to make the veto power of the governor more effective than formerly.

In laying before the legislature his several budget documents, the governor recommended that that body should limit its appropriations somewhere between sixty-five and sixty-eight millions and should find new sources of taxation to supplement the inadequate revenues of the state. The subsequent action of the legislature did not indicate that it thought the executive recommendations on appropriations to be correct. It exceeded the maximum limit fixed by the governor by five millions in its budget proposal of March 15, 1917, and the governor approved practically every increase. Before the session was over the legislature added ten millions to the governor's recommendations,

but six of these ten millions constituted war appropriations. In regard to his recommendation for new taxes, it cannot be said that the governor had any influence, as the taxation committees were compelled to uncover new sources of revenues in order to meet the expenditure program proposed by the joint budget committee, and the governor named no specific sources from which new revenues could be obtained.

It is possible that if the governor's recommendations to the 1917 legislature had been as carefully worked out as were those submitted to the 1916 legislature, the legislature's appropriations this year might have been reduced considerably by the influence of the executive.

The Governor's Hearings

The "hearing season" conducted by the governor's budget bureau covered the last few weeks in December. The December days saw a constant procession of department heads, bureau chiefs, commissioners, superintendents of institutions and deputies going up to the budget office on the second floor of the Capitol. Each officer stated his explanations of the particular set of estimates filed by him. Interrogated constantly by the budget experts, each spending officer had to put up as good an argument as possible for the various increases and changes which he advocated, relying on the printed explanations offered in the estimates and, if need be, on a convenient memory. In such cases, experience teaches that the officer testifying to the necessity of the estimated increases is often able to convince his interlocutors through sheer force of personality and volume of information—a very effective way to silence criticism. The governor's budget experts had to take much on faith, for the bookkeeping methods of the state's numerous organization units are woefully archaic. Moreover, a slight increase over the 1916 appropriation might sound very reasonable, yet in fact would be extortionate. It has been the custom for decades for officers to present estimates far in excess of actual needs in order that a deficiency might be avoided and that stringency might not cripple the department. This is due to the habit of governors to "cut appropriations to the bone."

After the hearings were completed, the information was carefully collected and made ready for use in drafting the governor's tentative appropriation act. During January 1917, additional information was gathered which went still further into details of

the estimates and showed the necessity for increasing the deficiency items and the amount to be made immediately available due to the tremendous rise in the cost of living during those months.

The "Tentative Appropriation Act"

The "tentative" appropriation bill drafted by the governor's budget bureau contained the appropriations for personal service, maintenance and operation, repairs, and construction and permanent betterments, and in addition included the deficiency appropriations which were to be made immediately available. For each department, bureau, board, office or institution, schedule, were established. Beneath the title of the particular organization unit was printed the following: "For payment for services of employees of ———," naming the department or institution. Personal service was divided into "salaries, regular" and "salaries temporary" and "wages, regular" and "wages, temporary," all minutely segregated down to the individual employes in the various bureaus and sub-divisions of the main department. Each bureau or sub-division with its individual amounts of compensation was totaled separately and the total extended to facilitate intelligent study of the bill. Under maintenance and operation, the seventeen classes of expense were printed—"food," "printing," "supplies," "materials," etc.—and the total of the segregated items under each class extended.

Examination of this bill reveals considerable confusion among either the departments in making out their estimates or among the governor's budget experts regarding a strict adherence to the comptroller's definitions of the item classification. General plant service, which is supposed to be a major class of expense, is found impartially set up under equipment, supplies or materials (p. 315, 316, 324, 332, etc.). This major item seems too elusive to pigeonhole properly, because invariably it is included as a major class of expense in addition to being placed as a minor item under some other class of expenditure. Under repairs was printed a statement to this effect: "For work done by contract or upon estimate or for the purchase of material and the employment of labor in addition to that appropriated for elsewhere, for repairs to buildings and equipment." An appropriation was placed opposite this statement and usually constituted the only sum appropriated for repairs, except in some cases where more definite statements were made explaining the nature of the re-

pairs. The appropriations for construction and permanent betterments were usually of a definite character, the structure being named.

Under the title "To Be Made Immediately Available" the schedules followed were similar to those followed in the regular part of the appropriation bill—personal service, maintenance and operation, etc. No transfer powers were provided in the bill as was the case in 1916. A portion of the bill is reprinted below by way of illustration.

MATTEAWAN STATE HOSPITAL

For payment for services of employees of Matteawan State Hospital

PERSONAL SERVICE		
Administration		
General		
Salaries, regular		
Medical superintendent.....	\$3,900.00	
First assistant physician.....	3,060.00	
Senior assistant physician.....	1,800.00	
Assistant physician.....	1,560.00	
Assistant physician.....	1,440.00	
Assistant physician.....	1,320.00	
Medical interne.....	720.00	
Stenographer.....	816.00	
Attendant stenographer.....	480.00	
Charge attendant, 2 at \$570.....	1,140.00	
Assistant charge attendant.....	510.00	
Policeman.....	600.00	
Barber.....	660.00	
Coachman.....	750.00	
Driver.....	456.00	
Supervising housemaid.....	420.00	
Waitress, 2 at \$300.....	600.00	
Chambermaid, 2 at \$300.....	600.00	
	<u>\$20,832.00</u>	
Accounting and stores		
Salaries, regular		
Steward.....	\$2,500.00	
Bookkeeper.....	1,260.00	
Clerk.....	840.00	
Storekeeper.....	840.00	
Charge attendant, stenographer..	600.00	
Attendant.....	450.00	
Attendant.....	420.00	
	<u>\$6,910.00</u>	
		\$27,742.00
Ward service		
Male and female wards		
Day and night service		
Salaries, regular		
Chief supervisor.....	\$960.00	
Supervisor, 2 at \$780.....	1,560.00	
Supervisor.....	690.00	
Charge nurses and charge attend- ants.....	10,000.00	
Nurses and attendants.....	36,500.00	
Assistant charge attendants.....	7,000.00	
	<u>56,710.00</u>	

THE MAKING OF THE BUDGET

Nurses' training home		
Salaries, regular		
Attendant	\$360.00	
Assistant cook	360.00	
Chambermaid	300.00	
		<u>\$1,020.00</u>
Industrial		
Wages, regular		
Tailor	\$768.00	
Shoemaker	768.00	
Attendant	360.00	
		<u>1,896.00</u>
Kitchen and dining-room		
Wages, regular		
Head cook	\$1,140.00	
Cook, 2 at \$570	1,140.00	
Cook, female	420.00	
Assistant cook	360.00	
Kitchen helper, 3 at \$390	1,170.00	
Charge attendant	570.00	
Charge attendant	480.00	
Attendant	450.00	
Attendant, 2 at \$390	780.00	
		<u>6,510.00</u>
Bakery		
Wages, regular		
Baker	\$816.00	
Baker's helper	450.00	
		<u>1,266.00</u>
Laundry		
Wages, regular		
Laundry overseer	\$780.00	
Attendant, 2 at \$360	720.00	
Laundress, 2 at \$300	600.00	
		<u>2,100.00</u>
Mechanical		
Engineering and construction		
Wages, regular		
Engineer	\$1,560.00	
Assistant engineer	984.00	
Assistant engineer	816.00	
Electrician	984.00	
Fireman, 3 at \$780	2,340.00	
Fireman, relief	600.00	
Special attendant, pumping station	630.00	
		<u>\$7,914.00</u>
Repairs and construction		
Wages, regular		
Steamfitter	\$936.00	
Steamfitter's helper	600.00	
Tinsmith	816.00	
Plumber's helper	480.00	
Head carpenter	1,320.00	
Carpenter	1,064.00	
Carpenter	1,038.67	
Painter	816.00	
Mason	912.00	
Attendant	420.00	
		<u>\$8,402.67</u>
		16,316.67

THE NEW YORK STATE LEGISLATIVE BUDGET

Field service

Farm, garden and grounds

Wages, regular

Head farmer	\$840.00	
Dairyman	660.00	
Herdsman	540.00	
Gardener	660.00	
Teamster, 5 at \$420	2,100.00	
Supervisor	750.00	
Charge attendant	570.00	
Attendant, night	474.00	
Attendant, 2 at \$450	900.00	
Attendant, 3 at \$420	1,260.00	
Blacksmith	816.00	
Chambermaid	300.00	
		<u>\$9,870.00</u>

Total for personal service \$123,430.67

For the expenses of maintenance and operation of Matteawan State Hospital, other than personal service.

MAINTENANCE AND OPERATION

Food \$62,000.00

Fuel, light, power and water

Fuel	\$13,710.00	
Light	441.00	
Power	3,349.00	
		<u>17,500.00</u>

Printing	800.00
Advertising	100.00

Equipment

Office	\$400.00	
Household	4,500.00	
Medical and surgical	250.00	
Motorless Vehicles	300.00	
Motor vehicles	25.00	
Live stock	700.00	
Wearing apparel	3,200.00	
Laundry	300.00	
Books	200.00	
General plant	1,325.00	
		<u>11,200.00</u>

Supplies

Office	\$400.00	
Household	2,500.00	
Laundry, cleaning and disinfecting. . .	750.00	
Medical and surgical	1,300.00	
Motor vehicle	175.00	
Botanical and agricultural	4,000.00	
Forage and veterinary	2,200.00	
Refrigerating	250.00	
General plant	1,925.00	
		<u>13,500.00</u>

Materials

Highway	\$750.00	
Sewer	350.00	
Industrial	6,500.00	
General plant	1,200.00	
		<u>8,800.00</u>

THE MAKING OF THE BUDGET

Traveling expenses		
Transportation of officials or employees	\$450.00	
Transportation of inmates	550.00	
		\$1,000.00
Communication		
Freight, express and teaming	\$425.00	
Postage	575.00	
Telephone and telegraph	400.00	
Miscellaneous	10.00	
		1,410.00
Fixed charges and contributions		
Rewards	\$200.00	
Contributions to discharged inmates	400.00	
Commutation to employees in lieu of maintenance	2,928.00	
Maintenance contribution to retirement fund in the event of lost time	100.00	
		3,628.00
General plant service		
Special religious services	\$450.00	
Special expert and technical services	500.00	
Miscellaneous	700.00	
		1,650.00
Total for maintenance and operation, other than personal service		\$121,588.00

REPAIRS

For work done by contract or upon estimate or for the purchase of material and the employment of labor in addition to that appropriated for elsewhere, for repairs to buildings and equipment.

Repairs to block B and infirmary. Pointing of walls	\$900.00	
Repairs to roofs, gutters and leaders	500.00	
Repairs to windows, window guards and painting	300.00	
Repairs to plumbing and to water and steam lines	1,000.00	
Repairs to electric cables	150.00	
Repairs to boilers and pumps	600.00	
		3,450.00

CONSTRUCTION OR PERMANENT BETTERMENTS

Reconstruction of bakery	500.00
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Total for Hospital, 1917-18	\$248,968.67
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TO BE MADE IMMEDIATELY AVAILABLE

For the expenses of maintenance and operation of Matteawan State Hospital, other than personal service.

MAINTENANCE AND OPERATION

Food	\$6,400.00	
Fuel, light and power	1,000.00	
Equipment	600.00	
Supplies	900.00	
Materials	800.00	
Traveling expenses	300.00	
		10,000.00
Total immediately available		10,000.00
Total for Matteawan State Hospital		\$258,968.67

The Governor's Plan for Financing Expenditures

The governor's presentation of the problem of financing the expenditure program was contained in a few words in his "Budget Estimate" (page 5). While he termed it "most serious and important," he left the initiative and decision entirely with the legislature and offered no help towards a solution. His "revenue program" was confined to the following: "I submit to this Legislature, as one of its most serious and important problems, the increase of State revenue, if possible from indirect sources, to the normal level of State expenditures."

That the governor had good reason to view the problem as "most serious" may be judged from his own analysis of the financial condition of the State. In this analysis, he made use of data compiled by the comptroller and fell into the error of adding a cash balance of \$3,500,000 in two places in his statement (although the correct figures were given in another part of the same document) which follows:

THE ESTIMATE OF APPROPRIATIONS REQUIRED

"In the tentative appropriation act transmitted herewith I have suggested for consideration appropriations of \$65,-487,540.98, as against a total of requests from departments, bureaus, and offices of the State for desired appropriations of \$80,796,128.15.

"In addition, in the main part of my message, I have recommended for your consideration other items of expense including an amount for the pay of troops for service at the border on the existing basis of pay for service in the State, which would amount to about \$2,000,000; an appropriation for securing to the State the benefits this year of the Federal appropriation for post roads, an amount of \$258,000; also a recommendation for the development of the resources of the State at Great Meadow Prison for the production of road making and building material, the cost of which would probably not be large at the outset and in total could be spread among the appropriations for several years.

"Another item referred to in the main part of the message is that of the contributions by the State for the protection of its employees under the Workmen's Compensation Law. In the Tentative appropriation act I have included an appropriation of \$25,630 to meet liabilities already fixed by the Commission, and \$100,000 to meet these liabilities for the next fiscal year. This appropriation does not contemplate meeting liabilities other than for those engaged in hazardous employment. If the Legislature adopts the policy of insurance of all of the employees of the State against injury or death in the service, an appropriation of \$150,000 more than

is included in the tentative act will have to be provided for the next fiscal year.

THE ESTIMATE OF RESOURCES TO MEET NEW APPROPRIATIONS

"The outstanding appropriation liabilities of the State on July 1, 1916, as previously noted, were \$59,534,001.68. The cash balance on that date was \$6,536,295.12. The Comptroller's estimate of revenues of the State for the fiscal year ended June 30, 1917, is \$56,528,601.41. [*Incorrect. Should be \$52,964,449.85.*] If no appropriations were made by the Legislature of 1917, and none of the appropriations in force on July 1, 1916, lapsed, the condition of the treasury on June 30, 1917, would be as follows

"Total appropriations outstanding for the period—\$59,534,001.68; cash balance and revenues—\$63,064,896.53, or an excess of revenues and resources over liabilities of \$3,530,894.85.

"The anticipated revenues for the fiscal year 1917-18, according to the Comptroller's estimate, are \$52,964,449.85. [*Incorrect. Should be \$49,433,555.00.*] so that the total unencumbered balances and revenues and resources from which the present Legislature, without further anticipated revenues, could appropriate, would be \$56,495,344.70. [*Incorrect. Should be \$52,964,449.85.*]

"The Comptroller, in his figures, neither for the fiscal year ended June 30, 1917, nor for the fiscal year ended June 30, 1918, made any estimate of accruals due to lapsed appropriations within those periods. An accurate estimate of the amount of these lapses is of course difficult, but the best expert judgment at hand fixes the amount for the fiscal year ended June 30, 1917, at \$2,000,000, and for the fiscal year ended June 30, 1918, at \$1,250,000, or a total for the two periods of \$3,250,000. If this expectation should be realized, the total of treasury resources, free for new appropriations for the period beginning with the present legislative session and ending June 30, 1918, would be increased from the figures previously given of \$56,495,344.70 to \$59,745,344.70." [*Incorrect. Should be \$56,214,449.85, governor added cash balance of \$3,530,894.85 twice over.*]

The Rejection of the Governor's "Tentative Appropriation Act" by the Legislature

In spite of the fact that the cost of the governor's budget-making operations amounted to several thousand dollars, the legislature paid scarcely any attention to the three documents compiled and printed by the governor. The "Green Book" of estimates and the "Budget Estimate" message were apparently ignored. The senate made no motion to have extra copies of these two documents printed and acted as it if was in complete ignorance of

their existence, although they had been laid on the desks of the senate on the opening day of the session. A little more respect was paid to these documents in the assembly. There a motion was made to have a certain number of copies printed, but the motion was tabled, and the matter never came up again in that body. The number of these publications printed at the expense of the governor's bureau was very limited, and in a few days it was stated that not even the governor himself could obtain an extra copy of any of his three documents. A slightly better fate was allotted to the "Tentative Appropriation Act." This was used as a source of information by the joint legislative budget committee in drafting the emergency bill which was introduced on February 21, 1917.

Members of the legislature asserted that they never dreamed that the governor would "stretch the law" as far as he did. It was thought that he would merely present a statement of lump sum appropriations for each department and recommend that the legislature should not exceed these amounts in making appropriations. His broad interpretation of the law which led to his collection of requests, his compilation of the estimates and his drafting of a highly itemized appropriation bill, it was said, antagonized the legislature, and the latter retaliated by ignoring his work almost *in toto*.

When the budgetary history of New York State is considered, however, it does not seem likely that mere legislative pique was the cause of the rejection of the governor's budget by the legislature. Rather it would seem that the century-old custom of legislative control over budget making was responsible for the action. Political usages and practices which have grown up in the legislature were too deeply embedded to be supplanted by a new and radical procedure, and it was not to be expected that a single attempt on the part of the governor could break the "cake of custom."

III. THE CONSTRUCTIVE WORK OF THE JOINT LEGISLATIVE BUDGET COMMITTEE

The Composition of the Committee

The joint committee constituted a union of the senate finance and the assembly ways and means committees, each of which was composed of fifteen members—twelve majority and three minority members. As has been stated before, each committee had a staff of one clerk, stenographers and accountants to do the technical work.

Throughout the weeks of deliberation upon the estimates and the drafting of the appropriation bill the minority members took no part in the discussions. This was an unfortunate omission because it showed up plainly in the ineffectiveness of their speeches during the passage of the bill. It was urged upon the minority that by participating in these conferences they might do effective work as an initial reviewing and critical group. The majority members of the committee might have caucused at some other place and time to agree among themselves as to the amount to be appropriated for some particular department, but the minority by an aggressive stand could have obtained practically as much information in these committee meetings as the majority. The reason offered when questioned as to their motives for not attending the conferences was that it was useless for the minority to attend because the majority members would fix the appropriations to suit themselves without regard to any general suggestions from the minority. Moreover, they claimed they had not been invited to attend.

The Proposed Minority Auditing Committee

On January 15, 1917, Senator Wagner, senate minority leader, proposed a change in the senate rules whereby the minority could set up a "Minority Auditing Committee" to check up the work of the joint legislative budget committee. Such a proposal as this was made last year and an explanation of it was printed in MUNICIPAL RESEARCH No. 70, pp. 54-5 as follows:

"In order to place upon the minority in the senate full responsibility for reviewing and criticising the appropriation and revenue measures of the majority, Senator Wagner introduced in the senate on March 6th [1916] an amendment to the rules of the senate providing for the appointment of an audit committee, the chairman and five members thereof to be appointed from the minority by the president of the senate.

"The Essence of the Wagner Proposal"

"The amendment would vest in the committee the following responsibilities or powers:

- "1. The examination and review of the comptroller's reports, revenues and expenditures, condition of funds and state finances, and waste and inefficiency in administration
- "2. Formally reporting to the legislature their findings in respect to the above
- "3. The right to hold hearings, call witnesses and have access to all state records
- "4. The right to call upon the comptroller for assistance in making inquiries
- "5. The duty of reporting to the senate—proper opportunity being given to the governor or other state officers to appear and answer any criticisms of or charges made against them, relative to past acts, or plans and proposals, involving future expenditures."

This proposed amendment to the senate rules failed to pass at the 1916 session. This year, the amendment was proposed once more by Senator Wagner and the scheme was again frowned upon by the majority leaders, Senator Wagner failing to convince them of its feasibility.¹

Lest the title "Minority Auditing Committee" should seem to be a standing committee on public accounts such as exists in the English House of Commons, the Dominion Government of Canada and the Ontario provincial parliament, it must be stated that this amendment to the rules proposed a standing committee of far greater significance.

This proposed committee was to have concurrent investigative powers with the joint legislative budget committee regarding the one hundred thousand items in the general appropriation and additional appropriation bills, while these bills were in the course of being drafted. In addition to this power over the tentative appropriations, the proposed committee was to have authority to investigate the conditions of the state finances and the workings of the revenue system.

The question was raised whether the proposed committee would use its powers to assist the majority from the standpoint of critic in constructing approximately flawless annual budgets, or merely to embarrass and obstruct the financial plans of the majority.

¹The N. Y. *Evening World*, Jan. 15, 1917.

SENATOR WAGNER PLANS STATE CHECK ON EXTRAVAGANCE
A Minority Party Finance Committee to Keep Eye on Majority Grabs
"Senator Robert F. Wagner, leader of the Democratic minority, will intro-

The Hearings and the Influence of Bureau Chiefs

The only one of the three books of estimates which was utilized in the drafting of the general appropriation bill was that compiled by the joint legislative budget committee. This fact was appreciated by the Albany correspondent of the Brooklyn *Times* who described the situation on March 3, in an article entitled "State Budget Kicked Around. Senators Ignoring Whitman's Financial Plan." The comptroller washed his hands of the matter and as for the governor's efforts there was none so poor as to do him reverence. Nevertheless he made careful preparations to wield his veto power with a surgeon's accuracy. The compilation of the requests which the joint budget committee had made formed the core of the legislative appropriation bill. After having visited numerous departments, bureaus and institutions during the early fall of last year to collect information about conditions and needs, the legislative committee proceeded to review the situation. The heads and chiefs of the various organization units were summoned to Albany to explain and support their requests for appropriations in detail. This was a long, laborious and painstaking process. Scores of spending officers had to present themselves before the joint committee, defend their previous estimates, submit to a running fire of criticism and frequently to concede that many items they had requested were not needed "this year."

The debate in the senate upon the passage of the general appropriation bill brought out some interesting facts regarding the impregnability of the statements of a departmental chief who is master of his field. The number of these dominant men amounts to well over half a dozen in the New York State government, and they direct the most vital of the state's public functions.

duce tonight in the Senate a proposition for a new kind of criticism and check on State expenditures. He suggests the appointment in the Senate of a minority Finance Committee composed of members of the minority party, whichever that may be, with powers to investigate and examine into the reasonableness of requests and proposed appropriations for State departments and institutions. Its real power would lie in publicity of extravagance."

The senator believed that it would "inject business into State management,'

The New York *Times*, Jan. 14, 1917.

WAGNER URGES AUDIT PLAN

Says Minority Senate Committee Would Check up State Appropriations

"Robert F. Wagner, minority leader in the State Senate, said to-night that his proposed amendment to the Senate rules providing for a minority auditing committee to have the same investigating powers as the present Finance Committee would "secure the publicity which Governor Whitman suggests and insure a scientific investigation and determination of appropriations."

Such a departmental head can gain his wishes invariably. He brings in the total estimates for his department and lays them before the committee, whereupon the members suppress a sharp desire to gasp at the increase over last year's appropriation. Upon being reminded that there are a few other departments in the state government, the chief offers a welcome aid in reducing his total. The result is that the officer, master of the situation, cuts his estimates in the places where least harm will be done, but gains the increases or changes which he most desires. All objections and queries are stifled by his inordinate outpouring of facts which effectually suppresses any temerity on the part of a persistent committeeman. The able departmental chief controls absolutely that part of the appropriations affecting his work, for his statements and mass of supporting data dispel all opposition. At least one fourth of the entire bill is controlled in this manner.

During the weeks intervening between January 3, 1917 and March 15, 1917—the date when the General Appropriation Bill was introduced—a stream of additional appropriation bills for claims, pensions, bridges, game farms, fish hatcheries, stream improvements, armories and normal schools kept pouring from the legislature into the committee room, contemplating appropriations from the treasury to the amount of tens of millions. Meanwhile the joint committee continued to sit daily, giving hearings to department heads, analyzing the estimates, scrutinizing supporting data, and gradually eliminating the wheat from the chaff. The hearings given to the spending officers were all private. No representatives of tax payers' organizations or agents of reform associations were admitted. For this was the technical work of budget-making, the preparation of a financial plan for public review and criticism, and the presence of outsiders would have only interfered with the process. Such was the reason given by Senator Sage.

The Legislative Budget Proposal

The budget as prepared and introduced to the legislative body by the joint budget committee was entitled, "An Act Making Appropriations for the Support of Government." The first forty-seven pages constituted what were known as "the pink sheets." These pages contained a summary and comparisons by departments and functions, with the 1916 appropriations and

the governor's tentative appropriation act. The first forty-one pages of the pink section comprised the totals and comparisons by departments and institutions. In the first column were placed all the organization units with their sub-divisions arranged according to the functional classification—executive, administrative, legislative, judicial, regulative, etc. Placed opposite this column were six columns of figures, headed, "Appropriation 1916," "Tentative Budget 1917," "Tentative Budget Increase or Decrease Over 1916," "Legislative Budget 1917," "Legislative Budget Increase or Decrease over 1916," "Legislative Budget Increase or Decrease Over Tentative Budget." The next five pages contained the same totals and comparisons described above, only in a summarized and condensed form.

Finally, the last page contained the "General Budget Statement—1917–1918." This statement contained a summary of the proposed appropriations for general purposes of the state government and plans which had to be made for financing expenditures for the fiscal year ending June 30, 1918. The following is a copy of the statement:

GENERAL BUDGET STATEMENT—1917–1918

SHOWING SUMMARY OF PROPOSED APPROPRIATIONS FOR GENERAL PURPOSES OF STATE GOVERNMENT AND PLANS WHICH MUST BE MADE FOR FINANCING EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 1918

APPROPRIATIONS FOR GENERAL PURPOSES OF GOVERNMENT AS CONTAINED IN THE APPROPRIATION BILL

Part I. Overhead charges, fiscal year July 1, 1917 to June 30, 1918.....	\$40,730,958.19
Part II. Appropriations to become immediately available.....	2,937,807.33
Part III. Construction and repairs.....	3,380,617.00
Part IV. Refunds (county armory funds, court attendants, etc.).....	996,956.34
Part V. Reappropriation.....	
Part VI. Estimate of amount needed for debt service.....	

Total appropriations in the appropriation bill..... \$48,046,338.86

To the above must be added the following separate appropriations:

Emergency deficiency bill (Chapter 45, Laws of 1917).....	\$1,331,808.73
State highways, maintenance and repairs.....	4,525,000.00
Town and Indian reservation highways.....	2,050,000.00
Debt service.....	12,843,379.69
Court of appeals.....	3,437.50
National guard emergency bill.....	1,000,000.00
Rockaway park fortification bill.....	1,000,000.00
Constabulary bill.....	500,000.00
Hospital development commission bill.....	430,000.00
Saratoga Springs capital fund bill.....	260,000.00
Miscellaneous bills (estimated).....	1,000,000.00
	<u>24,943,625.92</u>

Total appropriations made or to be made..... \$72,989,964.78

ESTIMATED RESOURCES TO MEET GENERAL BUDGET APPROPRIATIONS

July 1, 1917. Estimated available cash balance..... \$3,530,894.85

ESTIMATED REVENUES

Direct taxes

Court and stenographer's tax.....	\$412,000.00
Armory tax.....	660,000.00
	<u>\$1,072,000.00</u>

Less: Armory tax to be collected in 1917, and appropriated by the Legislature of 1918..... 660,000.00

412,000.00

THE NEW YORK STATE LEGISLATIVE BUDGET

<i>Indirect revenues</i>		
Excise tax	\$10,250,000.00	
Corporation tax	13,000,000.00	
Organization tax	750,000.00	
Transfers (inheritance tax)	12,000,000.00	
Stock transfer tax (stamp tax)	5,000,000.00	
Secured debt tax	800,000.00	
Mortgage tax	1,300,000.00	
Motor vehicles	1,795,000.00	
Other revenues and receipts	4,126,555.00	
Total indirect revenues	\$49,021,555.00	
Total estimated resources based on existing laws		\$52,964,449.85
Balance to be provided for by direct tax or additional indirect revenue, new legislation		\$20,025,514.93

The Appropriation Bill

The appropriation bill was divided into six parts. Part I contained the "overhead charges" for the ensuing fiscal year, 1917-18 and totaled \$39,126,722.70. Part II, known as the "supply bill," embracing the deficiencies incurred by departments, together with other items like indemnities, contributions to county fairs, and court of claims judgments, which are not part of the overhead charges of government, totaled \$4,542,402.82. Part III made appropriations for new construction and repairs to state institutions and canals and totaled \$3,380,617.00. Part IV provided for the maintenance of armories in the third and fourth brigade districts, and the salaries of court stenographers and attendants which are refunded by a tax upon the judicial districts. This totaled \$996,956.34. Part V contained reappropriations, and Part VI the estimates of the amount needed for the debt service.

The form of the appropriation bill was very different from that of the governor's tentative appropriation act. Part I of the legislative committee's appropriation bill was divided into personal service and maintenance and operation. Under personal service the minute segregation of items down to the individual employes, adopted by the governor, was followed. The same method was followed in arranging the maintenance and operation items, that is, after the classification laid down by the comptroller—food, printing, advertising, supplies, equipment, materials, etc. Part II comprised all of the deficiency items of all the departments, while Part III was composed exclusively of construction and repair items. As stated above, the governor's tentative appropriation act gathered the "overhead charges," the construction and repair items and the deficiency items for each department into one place under the heading of that particular department, which contrasted markedly with the separatist plan of the legislative budget committee.

BROOKLYN STATE HOSPITAL

For payment for services of employes of the Brooklyn State Hospital

PERSONAL SERVICE

Administration

General

Salaries, regular

Medical superintendent.....	\$4,191.67
First assistant physician.....	3,000.00
Senior assistant physician or assistant physician, 2 at \$2,200.....	4,400.00
Senior assistant physician (9 months).....	1,350.00
Woman physician.....	1,800.00
Medical interne, 2 at \$1,000.....	2,000.00
Pharmacist.....	900.00
Stenographer, 2 at \$816.....	1,632.00
Special attendant (stenographer).....	516.00
Coachman.....	720.00
Driver.....	396.00
Attendant (day telephone operator).....	408.00
Attendant (night telephone operator).....	432.00
Special attendant (chauffeur), 2 at \$600.....	1,200.00
Special attendant (barber).....	600.00
Special attendant (laboratory assistant).....	600.00
Special attendant (office).....	600.00
Special attendant (night watchman), 2 at \$600.....	1,200.00
Attendant (yardman).....	408.00
Attendant.....	324.00
Special attendant (social worker).....	516.00
Housekeeper (superintendent's residence).....	480.00
Cook, 2 at \$420.....	840.00
Kitchen helper.....	300.00
Waitress, 3 at \$276.....	828.00
Waitress.....	252.00
Chambermaid, 3 at \$276.....	828.00
Head laundress.....	420.00
Special attendant, occupation and games.....	528.00
Special attendant, occupation and games.....	516.00
Attendant, occupation and games.....	300.00
Page.....	228.00
Steward.....	2,191.74

Accounting and stores

Salaries, regular

Bookkeeper.....	1,260.00
Stenographer, 2 at \$816.....	1,632.00
Voucher and treasurer clerk.....	720.00
Special attendant (bookkeeper).....	600.00
Accountant.....	972.00
Storekeeper.....	840.00
Special attendant (assistant storekeeper).....	600.00

Ward service

Salaries, regular

Chief supervisor.....	816.00
Supervisor.....	660.00
Supervisor (9 months).....	456.00
Charge nurses and charge attendants.....	13,644.00
Nurses, attendants and special attendants.....	35,572.00

Nurses' training

Salaries, regular

Principal.....	1,200.00
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THE NEW YORK STATE LEGISLATIVE BUDGET

Industrial

Salaries, regular

Special attendant (tailor).....	\$600.00
Special attendant (shoemaker).....	600.00
Special attendant (mat maker).....	600.00
Special attendant (clothing clerk).....	516.00
Attendant (dressmaker).....	300.00

Kitchen and dining-room

Salaries, regular

Chef.....	1,140.00
Head cook, main kitchen.....	660.00
Head cook, 2, 9 months.....	992.00
Cook, main kitchen, 3 at \$420.....	1,260.00
Cook, 2, 9 months.....	630.00
Assistant cook.....	360.00
Kitchen helper, 2 at \$360.....	720.00
Kitchen helper, 3, 9 months.....	693.00
Kitchen helper.....	300.00
Kitchen helper.....	312.00
Attendant, 2 at \$408.....	816.00
Attendant, 2 at \$300.....	600.00
Attendant, 9 months.....	240.00
Attendant, 2, 9 months.....	354.00

Meat stores

Wages, regular

Meat cutter.....	744.00
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Laundry

Wages, regular

Overseer.....	780.00
Laundress, 4 at \$264.....	1,056.00
Laundress, 9 months.....	198.00
Launderer.....	420.00

Mechanical

Engineering

Wages, regular

Chief engineer.....	1,560.00
Assistant engineer.....	984.00
Assistant engineer, 2 at \$816.....	1,632.00
Electric lineman.....	600.00
Fireman, 5 at \$780.....	3,900.00

Repairs

Wages, regular

Carpenter.....	816.00
Special attendant (carpenter).....	600.00
Painter.....	816.00
Tinsmith.....	816.00
Special attendant (painter).....	600.00
Special attendant (tinsmith).....	600.00
Special attendant (mason).....	600.00
Plumber.....	936.00
Plumber's helper.....	372.00
Steamfitter.....	936.00
Steamfitter's helper.....	372.00

Field service

Farm, garden and grounds

Wages, regular

Head farmer.....	768.00
Gardener.....	660.00
Driver, 2 at \$396.....	792.00
Special attendant (florist).....	600.00
Laborer.....	360.00

Field service—Continued

Wages, temporary	
Temporary services.....	\$300.00

For the expenses of maintenance and operation of the Brooklyn State Hospital, other than personal service.

MAINTENANCE AND OPERATION

Food.....	\$78,000.00
Fuel, light, power and water.....	25,000.00
Printing.....	700.00
Advertising.....	75.00
Equipment.....	8,150.00
Supplies.....	12,500.00
Materials.....	4,000.00
Traveling expenses.....	700.00
Communication.....	1,700.00
Fixed charges and contributions.....	6,000.00
General plant service.....	4,200.00
Rents.....	1,200.00

Segregation and the Transfer Power

Last year Governor Whitman submitted to the legislature a draft of the appropriation bill which provided for appropriations by "lump sums." For example, the Whitman bill ran as follows:

Kings Park State Hospital

For payment for services of employes at Kings Park State Hospital, the sum of four hundred and twelve thousand seven hundred and forty-one dollars and 32 cents (\$412,741.32)

This appropriation was to cover the salaries and wages of the employes in the Kings Park State Hospital during the next fiscal year. A schedule listing the titles of positions and the amounts for each position was printed in the bill. This "schedule" or list of positions was to govern expenditures from the appropriation unless, upon application of the head of the institution, the governor by an executive order approved a change; and in case the Horton bill which passed the senate, had passed the house, the civil service commission would have acted on all appointments, salary increases and promotions before application for change went to the governor.

The legislature eliminated the "lump sum" appropriation with "schedule" attached, and made the salary of each employe, with few exceptions, a separate item of appropriation, so that instead of having a few large appropriations for personal service, the expenditures from which would be governed by prescription of law, they established, for the Kings Park Hospital alone, 357 separate items of appropriation. The legislature also omitted

the clause in the governor's bill which provided for changes in salaries and transfers of men; instead they inserted a new clause, Section 12 of the appropriation bill (Chapter 646 of the Laws of 1916). This section directed the comptroller to make up definitions of the classifications of expenditures employed in the appropriation act and empowered him to amend the definitions at his discretion.

It might be held that this section gave the comptroller indirectly the power to authorize transfers between appropriation items, which had been denied the governor. But even if it did, it is questionable if the comptroller should exercise these powers. It is understood that the intent of the legislature in enacting this clause was to provide a means of escape from the rigidity of the itemized appropriations whenever conditions made the operation of important departments impossible under the extreme itemization.

It appears, however, that the comptroller has been very conservative in the exercise of the powers conferred upon him by this section. He took pains to call for conferences of department and institution heads to frame definitions of the classifications, such as "personal service," "fuel, light, and power" and "water," "printing," "equipment," "supplies," "traveling expenses," "communication," "general plant services," etc. In framing the definitions, the comptroller considered as far as possible the interpretations put upon the classifications by the departments in formulating their requests as directed by this section. The comptroller published his definitions and he has not made any formal amendments to them since their promulgation, but in a number of instances he has "interpreted" definitions to relieve conditions that were described as intolerable. In very few cases has any liberal construction been placed upon the definition of the items for personal service. Requests for the employment of "internes" where "assistant physicians" were prescribed in the itemized appropriations have been allowed, where the institutions certified that they were unable to engage assistant physicians. A request for the employment of a "veterinary surgeon" as an instructor in an educational institution in place of an "instructor in veterinary medicine" has been disallowed.

Under the rulings of the comptroller there could be no relief afforded the state industrial commission, for example, which employs 132 stenographers in 26 different divisions of its offices throughout the state. In case there was little work for them

to do in one division and a great amount to be done in another office the stenographers could not be transferred from one subdivision of work to another without violating the law. Serious inconvenience and delay in some important work result because the commissioners are required to employ a fixed number of stenographers at a fixed salary at each point specified by the legislature. Action of this kind places the legislative committee in a position of exercising administrative judgment.

The rigidity of the segregation of items of appropriation may be compared to a *rigor mortis* which holds the departments and institutions of the state in a deathlike grip. It prevents the exercise of any of the ordinary principles of business prudence. Any ingenuity on the part of alert department heads who might wish to effect savings in management by adapting their expenditures to their appropriations, by enlarging or reducing their forces to meet conditions or by utilizing the savings in salaries not used for administering civil service under established rules and regulations—all this is discouraged. No elasticity is to be permitted, even within such uncertain classifications as “supplies” and “materials.” The executive officers are allowed no discretion. They are bound, hand and foot, to a series of items running from \$10 (page 159, appropriation bill of 1917) or \$25 (page 376) to \$2,611 (page 159) for “fuel, light, power and water” and upwards, all according to the “recommendations” of the governor or the legislative committees. The comptroller is required to open separate accounts for each of these thousands of items (making all together over six hundred pages of printed matter) from the smallest to the largest and then he is expected, and indeed required, excepting as he may “interpret” the meaning of the eighteen classifications employed, to see to it that every expenditure corresponds, to the letter, with the schedule line.

In opposing any plan to allow the governor to approve transfers between these minute items on supporting schedules on application of heads of departments and by making each such item a separate appropriation, the legislature holds that it is following the constitutional provision, Art. III, Sec. 21: “*every such law making a new appropriation or continuing or reviving an appropriation, shall distinctly specify the sum appropriated, and the object to which it is to be applied; and it shall not be sufficient for such law to refer to any other law to fix such sum.*”

Under this provision of the constitution as it was interpreted

by the opponents of the governor's transfer plan, the only loophole left to the legislature last year was the authority to enact such a measure as contained in section 12:

"The comptroller shall forthwith prepare and publish definitions of the classification of expense by titles employed in this act, defining the purpose for which money appropriated under each title may be expended. The comptroller shall have the power to amend such definitions from time to time as in his judgment becomes necessary for the proper conduct of the fiscal affairs of the state. The definitions, as published by the comptroller, and as amended, shall govern expenditures from these appropriations, and the audit of claims and accounts by the comptroller where said classifications are used in this act." (Sec. 12, Ch. 646, Laws 1916.)

It is understood that the enactment of this clause was the result of a politically embarrassing situation. On the one hand the legislature was unwilling to enact the bill in the form proposed by the governor. On the other hand the governor made it plain that if the legislature eliminated the schedules submitted by him and appropriated lump sums for the various departments according to the old classification of "personal service," "maintenance and operation," "farm and garden," etc., he would veto such items. That the legislature interpreted the governor's position correctly may be assumed from the fact that he did veto a number of lump-sum appropriations on the ground that the objects of expenditures were not itemized.

This year it appeared from an examination of the governor's "Tentative Appropriation Act" that, being unable to get the "schedule" and "transfer" provision passed, he accepted the principle of the extremely segregated appropriations as the next best thing. The bill transmitted to the legislature on January third was itemized to the utmost. Even the "personal service" of the senate and assembly was minutely itemized, with the exception of the bill drafting commission which flatly refused to comply with the governor's wishes. The determination to enforce a rigid segregation of appropriations was emphasized in the governor's bill by the omission of definitions and, particularly, by the absence of any conditions or provisions for transfer or for the amendment of definitions by the comptroller. The leaders of the legislature heeded the indications of the governor's attitude. Again in this year's bill they itemized the appropriations, with one notable exception—the personal service and

contingent funds of the legislature, but they did let the legislative printing items remain.

On this issue of the legislative appropriations, it is said the leaders were prepared to meet the governor. That was one object attained by passing the appropriation bill early in the session so that the governor had to act within ten days before the legislature adjourned. When the governor did veto the appropriations for the legislature on the ground that they were not "scheduled" in detail, it was an easy matter to obtain a two-thirds vote of both houses and override the governor's veto.

It would appear as if the ends sought to be obtained by the governor and the legislature are not irreconcilable. The legislature by insisting upon a lump sum appropriation in certain cases concedes the advisability of permitting flexibility in expenditures for its own purposes. At the same time it wants to make sure that general limitations on amounts to be expended shall be placed upon the various departments of the government. The governor wants to be sure that the departments are held to a strict accountability for every dollar expended.

Would it not be possible for both of these objects to be attained by having the departments present their requests for appropriations in as detailed a form as either the governor or the legislature might desire, the legislature then to appropriate in lump sum these amounts to be expended and administered as per schedules of supporting items attached subject to such modifications as may be approved both by the governor and the comptroller? This would enable the comptroller to have a responsible executive approval before him to act on, and the legislature would have the protection and assurance that all modifications would be passed on by an independent critical officer who is not concerned in spending any of the sums transferred. This provision could also be supplemented by the requirement that the spending officers shall submit to the legislature a detailed accounting of expenditures in the same detail as the schedules of supporting items, calling attention to such modifications as have been made and stating the reasons therefor.

The Form In Which the Appropriation Was Made Placed a Burden on Members of the Legislature Which Was Quite Unnecessary

But there is another side to the detailed segregation of items of appropriations such as is found in the bill: It places a burden on members of the legislature that is quite unnecessary.

Approximately 20,000 personal service items for the 20,000 employes of the state were scheduled in the appropriation bill submitted by the governor last year. The bill submitted by the governor this year, and by the budget committee on March 15 set up almost as many items of appropriation. The chairman of the senate finance committee and the assembly ways and means committee who introduced the committee bill are understood to have personally passed on all of the requests for increases in salaries filed by the department heads. These positions for the most part are those of employes receiving comparatively small salaries—thousands of employes at approximately \$1,000 a year being included. As a result of their labors the committee reduced the salaries recommended by the governor in 399 cases and increased the salaries recommended by the governor in 1,386 cases. It is understood that the chairmen of the finance committee regard this examination of the personal service schedules as among the most wearing of their duties. Senator E. R. Brown, the majority leader, in remarking on the floor of the senate upon a special bill providing for the increase in salary of two employes, suggested that it would be a 'good thing, in his opinion, to provide some uniform method of adjusting salaries that would not take up the time of the legislature at every session with projects to increase the amounts paid for particular jobs.

Is it sound business policy on the part of the state for the chairman of the finance committee to be obliged to assume responsibility for passing on questions of this kind? Should not the legislature and its committees force the executive to take the initiative in these matters? Then the representatives could examine into the manner in which the business is carried on. Would it not be better to have established regulations to govern all matters of this kind instead of requiring the legislature every year to take care of \$60 increases for stenographers and other minor employes?

The Form of the Appropriation Bill Is Such as to Make It Impossible to Establish an Effective System of Civil Service

The salary standardization program, offered by the senate committee on civil service in a bill which passed the senate at last year's session of the legislature and which was considered again at the 1917 session, offers a means by which the members of the legislature may be relieved of the pressure to

increase salaries of particular employes. It would give administrative officers the necessary authority over their subordinates and would provide a means whereby efficient service could be rewarded on the basis of merit and not because of persistent political influence.

Under the present system the administrative officials can only recommend in their requests for appropriations that their employes be promoted. Their recommendations are subject to the action, first, of the governor and his budget advisors, and second, of the joint legislative budget committee which this year has disagreed with the governor's recommendations in approximately 1,800 instances. Items of appropriation for some employes, requested by the heads of departments were omitted from both the governor's bill and the legislative committee's bill. Where such omissions are intentional they are subject to the charge of political interference; where the omissions are accidental, as may occur in listing and printing a bill providing for 20,000 employes almost by individual items, the service of the department affected may be very seriously impaired.

Would it not be better policy to effect a change whereby the administrative officers of the state would be allowed to adjust these matters themselves rather than to be controlled down to the last laborer by the action of either the governor's budget bureau or the legislative committee? If the senate of last year thought that the standardization program of the Horton Committee was worthy of enactment into law, why insist again upon a form of appropriation bill that will prevent the operation of any such plan of civil service administration?

The Highly Detailed Method of Appropriating and Conditions Attached Encourage Extravagance and Wasteful Spending

It is understood that a reliable estimate of the items of last year's appropriation act, which were in excess of the actual needs of the departments places the total amount at between \$150,000 and \$250,000. Department heads in estimating the amounts they believed to be necessary for "equipment," "supplies," etc., during the year, made a liberal allowance. They were able to obtain the necessary equipment, etc., for less than the amount appropriated by the legislature. Denied the right to make any transfers between items, the balances above what they actually need cannot be used in any other way than for the specific items of "material," "equipment," "supplies,"

etc., for which they were appropriated. Rather than let that balance lapse and be returned to the state treasury, and rather than admit to the governor's budget bureau and the legislative committee that too large a sum was requested last year, owing to the fear that the amounts requested for next year will be reduced proportionately, the department heads are tempted to spend the balance extravagantly for elaborate equipment or material which they do not actually need.¹ Under the present system, these balances on one or more items of appropriation are frequently concealed by department heads, while at the same time, owing to an increase in prices or changed conditions, they are appealing to the legislature to supply a deficiency in another item of appropriation.

Would it not be better business policy on the part of the legislature to allow department heads to exercise discretion and to make the appropriations in such a way that they could be required to obtain executive approval before spending and be held to strict account for the manner in which the business was conducted, both through audit and through legislative inquiry?

The "Blind Side" of the Appropriations for Construction

For a number of years it has been customary in appropriations for construction to provide an "authorization" of a sum to be expended which is larger than the actual appropriation. The appropriation is set forth in the margin of the bill. This is included in the total of appropriations for new construction in the summary statements given out by the several agencies having to do with reporting the total—i.e., by the governor, the comptroller and the joint legislative budget committee. The amount of the authorization which gives authority to department heads, institution managers, etc., to make contracts in the name of the state, however, is not included in the total; but the effect is to pledge the credit of the state and tie the hands of the legislature for a period of years. In other words, the total of appropriations made for "new construction, improvements and permanent betterments" have what might be called a "blind side." The state may be and is committed to much larger sums for new construction than is indicated by the totals tabulated and pub-

¹See Senator Sage's speech in chapter VI. Also the comptroller's report of 1917, page X, which runs in part: "Many departmental and institutional requests came to this office during May and June which bore evidence of an effort to 'stock up' out of appropriations which would lapse June 30, and they were promptly rejected, with a resultant saving of many thousands of dollars."

lished. It is understood that an attempt was made by the governor's budget bureau to set up the total of existing authorizations in this year's "Compilation of Requests" but the bureau was unable to get all the information requested.

For example, the appropriation act of 1916, on page 348, set up the following item:

Construction and Permanent Betterments

For construction of a laboratory building, an authorization of the sum of one hundred thousand (\$100,000) dollars, of which twenty-five thousand (\$25,000) dollars is hereby appropriated. \$25,000

The legislative committee bill of 1917, under the same heading, contains the following items on page 629:

For the construction of a laboratory building for the department of health, an authorization of \$20,000, in addition to the sum of \$100,000 authorized by chapter 646 of the laws of 1916, and a further appropriation of \$25,000 for the same purpose. \$25,000

In connection with this one building the appropriations made in 1916, contemplated in 1917 and set up in totals where they may be readily found by the uninitiated, amount to \$115,000. The undisclosed authorizations amount to \$120,000 so that the state is committed to the expenditure of \$235,000, while without reading the items carefully, the liability would appear to be only \$115,000.

A table showing the amount of authorizations in the appropriation acts of 1916 as compared with the appropriations shown in the totals in 1916 and 1917, and a table showing the amount of new authorizations in the appropriation bill of 1917 as compared with the appropriations shown in the total, are submitted below.

The total contractual obligations that will be authorized under the provisions of the legislative committee's bill for 1917-18 amount to \$1,826,650, while the amount to be appropriated for the same items which is extended in the margin of the bill and appears in the summary is \$450,500—less than one quarter of the total amount authorized.

It is realized that the granting of an "authority" to make contracts for construction is advantageous because without such a proceeding contracts for construction work could be made only for the amount appropriated each year, and either the whole amount required would have to be appropriated in one year

THE "BLIND SPOTS" IN APPROPRIATIONS FOR NEW CONSTRUCTION

TABLE SHOWING AMOUNT OF "AUTHORIZATIONS" IN APPROPRIATION ACTS OF 1916, AS COMPARED WITH APPROPRIATIONS SHOWN IN TOTALS IN 1916 AND 1917 APPROPRIATION ACTS

PAGE REFERENCE	OBLIGATIONS TO BE ASSUMED	AUTHORIZED 1916	APPROPRIATED 1916	APPROPRIATED 1917
(1917 Budget) 634	New Paltz Normal School For new building for normalschool	\$125,000	\$30,000	\$50,000
(1916 Budget) 351	School of Agriculture, Morrisville For construction of laboratory and class- room building, including site, an authori- zation of the sum of seventy-five thousand dollars (\$75,000) of which forty thousand dollars (\$40,000) is hereby appropriated	75,000	40,000	
(1917 Budget) 641	Commission of Prisons New buildings and demolition of old cell block and cell house, Sing Sing	750,000	200,000	200,000
(1916 Budget) 356	Matteawan State Hospital For construction of a dining room and kitchen in the women's building	60,000	25,000	
(1917 Budget)	Brooklyn State Hospital For storehouse, cold storage plant, equip- ment	50,000	10,000	32,500
(1916 Budget) 357	Middletown State Hospital For construction of a building for tubercular patients	30,000	10,000	
358	Rochester State Hospital For construction to provide additional ac- commodations for disturbed patients	27,500	10,000	17,500
359	Long Island State Hospital For construction of storehouse and cold storage building with equipment	50,000	10,000	
360	Manhattan State Hospital For construction to provide additional ac- commodations for disturbed patients, in- cluding the necessary kitchen for same	200,000	46,500	55,000
360	Central Islip State Hospital For additional quarters for acute patients	200,000	50,000	25,000
361	Western House of Refuge for Women, Albion For construction of a new cottage with equipment	30,000	15,000	
364	New York State Custodial Asylum, Newark For filter and water purification plant and changes in water mains	15,000	7,500	75,000
366	Craig Colony for Epileptics, Sonyea For construction of dormitories to replace Letchworth House For providing the colony with an adequate and sanitary supply of water For cold storage plant and equipment	80,000 25,000 35,000	20,000 5,000 5,000	45,000 20,000 30,000
367	Letchworth Village, Thiells For construction of storehouse, bakery, re- frigerating plant and cold storage building For construction of cottages, E, F, G, and H For tunnel, conduit work, steam and return piping and hot water distributing and cir- culating piping, for buildings of boys' im- provable group	60,000 168,000 30,000	15,000 42,000 10,000	45,000 126,000 20,000
368	New York State Hospital for the Care of Crippled and Deformed Children West Haverstraw For construction to complete main hospital building	55,000	25,000	20,000

THE MAKING OF THE BUDGET

THE APPROPRIATION BILL FOR 1917

TABLE SHOWING AMOUNT OF "AUTHORIZATIONS" AS COMPARED WITH APPROPRIATIONS SHOWN IN TOTALS

PAGE	OBLIGATIONS TO BE ASSUMED	AUTHORIZED	APPROPRIATED
629	Department of Health, Division of Laboratories For construction of laboratory building for department of health additional authorization of	\$20,000	None
630	For the plumbing, gas, steam, electric, air pressure, vacuum, and refrigerating fixtures and permanent equipment other than apparatus and furniture for the laboratory building of the dept. of health	75,000	\$25,000
633	Geneseo Normal School For the construction of an addition to the Geneseo Normal School, with suitable toilet facilities, necessary plumbing, etc.	65,000	10,000
639	N. Y. S. School of Agriculture, Cobleskill For the construction of the Home Economics building	45,000	10,000
640	State Armory Commission For the erection of a state armory in the city of Troy to replace the one destroyed by fire upon the present site or a site to be selected by the State Armory Commission For the erection of a state armory in the city of Olean, to replace the one destroyed by fire	300,000 100,000	50,000 25,000
645	Brooklyn State Hospital For the construction of chronic and reception buildings, a further authorization of For construction of additional accommodations for patients, including necessary outside service connections For laundry and equipment	50,000 300,000 65,000	None 100,000 30,000
652	Manhattan State Hospital For street lighting system an authorization of	13,500	5,000
652	Middletown State Hospital For additional appropriation for cottage for thirty patients at Comfort Farm	10,000	500
656	Soldiers' and Sailors' Home, Bath For rebuilding Barracks "H" and "I" according to former plans with changes on inside for smaller rooms as may be required	53,550	20,000
664	Letchworth Village, Thiells For an assembly hall For an industrial building For a service building For an attendant's home For eight cottages For underground electric, telephone, sewer, water connections For underground piping, tunnel and conduit work An additional central heating plant and equipment	55,000 40,600 58,000 54,000 336,000 21,000 100,000 40,000	25,000 15,000 20,000 20,000 60,000 5,000 20,000 10,000
	Totals	\$1,826,650	\$450,500

before a contract could be made or else construction work would have to be contracted for in part one year and in part another year as the legislature provided the money, and as a result the cost of large undertakings would be increased and the work would drag.

Would any private business organization assume to issue a statement to the public or to its stockholders which indicated that \$450,500 was the total of the new construction provided for, when actually the organization was committed to the expenditure of \$1,826,650? Would it not be a simple matter to publish and include in all statements the total amount of the obligation to be assumed as well as the total amount appropriated for construction items instead of publishing a statement which on the face of it is misleading?¹

An Analysis of the Estimated Contributions to the Debt Service

The proposed appropriations for debt service, 1917-18, when considered in connection with the balances in sinking funds in excess of the requirements for amortization of those funds, as indicated on the table submitted herewith, were larger than necessary by at least \$2,000,000.² The existence of surplus accumulations in many of these funds, some of which are large enough with their interest accumulations to pay the entire principal of the debt long before it is due, is recognized by the investment bankers and holders of state bonds as unnecessary for the protection of their legitimate interests. The diversion of any part of these sinking funds would be unconstitutional and even the transfer of surpluses from one sinking fund to another would probably be illegal or at least regarded as dangerous and likely to impair the state credit. The plan, however, which the New York Bureau of Municipal Research submitted to the Constitutional Convention in 1915, contemplated that the accumulations and future earnings of each separate sinking fund need be only enough to pay the principal and interest when due and in making future appropriations that the excess past accumulations should be taken into account. This plan it is thought can and should be embodied in suitable legislation.

¹ The uniform estimate blanks prepared by the governor, comptroller and legislative budget committee for the 1918 budget make provision for this information, and the evident intention is to publish it in detail.

² See comptroller's 1916 report, pp. XII and XIII.

THE MAKING OF THE BUDGET

PROPOSED APPROPRIATIONS FOR DEBT SERVICE, 1917-18, COMPARED WITH BALANCES IN SINKING FUNDS IN EXCESS OF REQUIREMENTS, JUNE 30, 1916

	PROPOSED APPROPRIATION			EXCESS IN SINKING FUND OVER REQUIREMENTS	BALANCE OF EXCESS AFTER PROVIDING CURRENT YEAR'S REQUIREMENTS	EXCESS INSUFFICIENT TO COVER THE REQUIREMENTS
	For Amortization of Principal	For Interest	Total			
Canal sinking fund						
" " 2	.....	.....	.....	\$957,883.15	\$957,883.15	.....
" " 3	.....	.....	.....	14,988,837.08	14,988,837.08	.....
" " 4	\$758,125.76	\$1,600,000.00	\$2,358,125.76	2,916,883.55	558,557.79	.....
" " 5	56,859.43	120,000.00	176,859.43	255,146.71	78,287.28	.....
" " 6	153,718.86	200,000.00	353,718.86	117,315.27	.....	.....
" " 7	418,594.32	1,350,000.00	1,768,594.32	3,445,496.67	1,676,902.35	\$236,403.59
" " 8	65,812.58	170,000.00	235,812.58	159,639.85	.....	.....
" " 9	141,218.86	212,500.00	353,718.86	318,528.62	.....	76,172.73
" " 10	131,625.15	340,000.00	471,625.15	298,897.40	.....	35,190.24
" " 11	*822,203.45	680,000.00	1,002,203.45	.....	.....	172,727.75
" " 12	*92,231.32	120,000.00	212,231.32	.....	.....	1,002,203.45
" " 13	*189,531.44	[400,000.00	589,531.44	.....	.....	212,231.32
Highway sinking fund						589,531.44
" " 1	34,848.36	30,000.00	64,848.46	724,950.07	660,101.61	.....
" " 2	608,445.38	1,320,000.00	1,928,445.38	6,585,654.19	4,660,208.81	.....
" " 3	320,000.00	720,000.00	1,040,000.00	2,161,574.52	1,121,574.52	.....
" " 4	69,765.72	225,000.00	294,765.72	752,930.22	458,164.50	.....
" " 5	164,531.44	425,000.00	589,531.44	616,828.73	27,297.29	.....
" " 6	*94,765.72	200,000.00	294,765.72	94,903.64	.....	.....
" " 7	*189,531.44	400,000.00	589,531.44	.....	.....	189,862.08
Palsades sinking fund						589,531.44
" " 1	47,382.86	100,000.00	147,382.86	138,228.69	.....	9,154.17
Saratoga Springs—Serial	95,000.00	32,360.00	127,360.00	.....	.....	127,360.00
St. Land Park—sinking fund	*44,327.50	200,000.00	244,327.50	.....	.....	244,327.50
	\$3,998,519.69	\$8,844,860.00	\$12,843,379.69	\$34,536,498.36	\$25,187,814.38	\$3,494,695.71

*For bonds to be issued (estimated).

AN APPRAISAL OF THE WORK DONE

As has been stated previously, the whole procedure of budget-making in New York State during the 1917 legislative session was legislative in character. The governor and comptroller apparently had no constructive influence whatever on the preparation of the annual budget. The joint legislative budget committee did effective work in the way of compiling a vast array of information and figures in an intelligible form for public as well as legislative consumption. The book of requests published at the opening of the session by the committee was the most readable and informing document of the five published, because each item that was new or in any way different from the previous year's appropriation was explained in footnotes, page by page. The committee worked with its eyes wide open, not on the hit-or-miss plan of former years. The information gleaned from written and spoken statements and from personal observation was highly useful and will be of great value in drafting future appropriation bills. Moreover seven full months were given to the work of preparing the budget during which time not many stones were left unturned in the effort to make the appropriation bill as nearly perfect as the inadequate accounting systems of the state organization units would permit. The whole process followed by the joint committee since last August was constructive. It consolidated a great mass of facts and digits and dollar signs into comprehensible form, filed countless sheets of data relevant to estimated expenditures, and invited the spending officers of the one hundred and forty departments, bureaus boards and institutions to co-operate with it to the fullest extent in moulding the estimates into form for enactment.

Then, too, it seems there was close co-operation between the committees on taxation and retrenchment and the joint budget committee. The former spent weeks searching for new sources of revenue as the joint budget committee watched the mammoth appropriation bill gradually assume definite and huge proportions. Strenuous efforts were put forth by the taxation committees, studies were made in the fields of corporations, the moving picture industry, inheritances and liquor licenses. Numerous private and public hearings were given on the proposed subjects of taxation. This work went on in unison with the drafting of the appropriation bill with the result that the revenue program was commensurate with the expenditure program for the first time in the history of the state.

CHAPTER VI

THE PASSAGE OF THE GENERAL APPROPRIATION BILL

Introduction of Bill to the Legislature

On March 15, 1917, the last day under the provisions of the Sage-Maier Act for the introduction of the legislative committee's budget, the legislature finished its business before the printed copies of the bill, the accompanying summary and budget statement were received from the printer. The legislature did not adjourn, but a recess was taken until late in the afternoon so that the measure might be introduced on the day fixed in the budget law. The general appropriation bill as introduced by the committee carried appropriations of \$48,246,698.86.

In the assembly at five-thirty in the evening, the clerk of the chamber read the short title of the bill, "an act making appropriations for the support of government," and the bill was advanced to the order of second reading where it remained as the special order of the day for five legislative days, as the law decreed. In the senate, the bill was reported out at five o'clock in the evening, was read by the clerk, and placed on "General Orders"—in committee of the whole—for five full legislative days as special order of the day according to the provisions of the law.

Preliminary Discussion in the Legislature

After skipping the bill on the calendar for three legislative days in the assembly, some semblance of action occurred on March 21, the Wednesday following the introduction of the bill. The leader of the minority requested that the bill be laid over when the clerk read the short title on the calendar because his party was unprepared to discuss it. The chairman of the ways and means committee spoke of clerical errors in the bill and the necessity for reprinting, and requested that the bill be amended and advanced to third reading. This eliminated all opportunity for increasing any item in the bill on the floor of the chamber. The minority leader protested and mentioned last year's procedure when he claimed department heads appeared on the floor during the debate and answered questions. As a matter

of fact, this had occurred only by an accident and in the senate not in the assembly.¹ The leaders of the chamber held a hurried consultation by the clerk's desk with the Speaker, and the bill was laid over. The bill continued on the special order of second reading until March 26, when it was amended and moved to third reading without debate.

In the senate the bill was not moved to the order of third reading until Monday, March 26, seven legislative days after its introduction. After the regular routine of the senate had been concluded that evening, the chairman of the finance committee, Senator Sage, offered amendments to the appropriation bill which were designed to correct typographical errors and provided also for increases to the amount of \$56,000, mostly in claims against the state. Following the adoption of the amendments, he requested the advancement of the bill to third reading. Objection was raised by Senator Lawson of the majority who offered an amendment increasing the salaries of five chauffeur examiners in the office of the secretary of state. This provoked a spirited debate.

Senator Sage arose and opposed the amendment. He said it was not requested by the department of the secretary of state. Continuing, he asserted that Senator Lawson had tried to have these increases adopted in committee, that the secretary of state did not demand the increases although he offered no objection to the proposition, and that if this particular amendment was adopted "a multitude of amendments for salary increases would follow." He stated that the committee had failed to agree on the proposed increases and that the matter was lost on a vote. Concluding, he said, "We shall get into a terrible mess if we start amending this bill to increase salaries." Senator Lawson rose and defended his amendment which would have raised five men's salaries from \$1,320 to \$1,500. Objecting more strenuously, Senator Sage again arose.. "There are twenty thousand state employes," said he, "all of whom have friends advocating raises for them. If we once accede to the myriad requests for increases which keep coming in, we shall be here till next December." Then, Senator Gilchrist of the majority objected that this was the first time he had seen the bill. Senator Sage twitted him

¹ MUNICIPAL RESEARCH No. 72, p. 127. Deputy Comptroller Reusswig who had happened to be present in the senate during a discussion on the sinking funds was called upon to straighten out the tangle of ideas that prevailed in that body.

merrily for his lack of alertness and added that the bill could be amended down but not up. This caused some surprise as the bill was still in committee of the whole where the law said increases could be made. Senator Cullen brought a laugh when he arose and remarked. "I tried to get something and was turned down so hard I didn't know my own name." Thereupon Senator Cotillo offered an amendment to raise the salaries of the employes in the Manhattan State Hospital, but was informed that this was cared for in a separate bill. A request being made to lay the bill over till the morrow, Senator Sage arose and rebuked the senate for taking no heed of the daily reading of the bill by the clerk and quoted the law. The delay asked was refused. There followed a confused hubbub as to the propriety of moving the bill to third reading without more debate, the rules were discussed and much difference of opinion was evident. But suddenly, after a lively half-hour of discussion the whip was cracked by the majority leader and the bill moved to third reading.

The Passage of the Bill in the Assembly

Once the bill reached the order of third reading in the senate, being made the special order of the day, interest died away. In the assembly not a word was uttered as the days slipped quietly by. At last, after waiting on the third reading calendar three days, the bill was taken up for discussion by that body on Thursday, March 29. The debate lasted slightly over two hours. Majority Leader Adler, at 11.30 a. m., moved a "close call of the house" which prevented the departure of any member from the chamber.

With some seventy of the one hundred and fifty members of the chamber present in their seats, the clerk read the short title of the bill. Some minor business intervening temporarily, Speaker Sweet announced that "anyone desiring to speak on the measure must do so immediately before the leaders of the majority and minority get under way." No one moved. Then Minority Leader Callahan arose and apologized for having to speak on such a dry subject as public finance, which drew an approving sigh. The early introduction of the bill and its extreme itemization were approved. The governor's request that increases be listed separately to facilitate his veto power was opposed as curbing the rights and the powers of the legislature. "We cannot afford to allow it," he said. Much disorder reigned in the chamber, and Mr. Callahan asked the Speaker to restore quiet. He proceeded again, and section by section reviewed

the entire bill, objecting strongly to the "enormous increases" in the personal service and maintenance and operation items which he claimed were "due to political patronage." Meanwhile, the laughing, talking, inattention, little conferences, and walking about the chamber, continued. Yet Mr. Callahan kept right on shouting his remarks. The bill had been made up in committee he said, and all attempts to change it were to be summarily crushed. "Gag rule" prevailed. The sums under general plant service, he censured severely as lump sum items and "catch alls." The personal service items in the executive department came under his suspicion and engendered the remark that "the governor might commence at home." Throughout the speech, the speaker deprecated the citation of details. It was of no use. The minority could not do anything. The national crisis ought to force the Republicans to retrench. Coming to an item of \$1,800 for "Statistics of Crime," he remarked, "Very appropriate place for it." He objected to the amount of "political pap" in the lump sum repair items, and, referring to the Canal Deficiency items for various dams, said, "Dam! That summarizes the whole bill." He concluded "We have gone beyond the dreams of avarice. I hope the Governor will veto the bill in its entirety."

Mr. Callahan had spoken for over an hour, and as he sat down, Mr. Machold, chairman of the ways and means committee arose and began his speech. A little more attention was paid as he started out to defend the bill. He outlined the financial policy laid down in the bill at considerable length. Lump sum appropriations he defended, stating that an adequate check was placed on the spending officers by the comptroller. The attention of the chamber did not continue for long. The members turned once more to reading letters and newspapers, and it was with difficulty that the speaker made himself heard above the noise of the talking and rustling of papers. In response to Mr. Ahern's objection to certain judgments included in the bill, Mr. Machold replied that he disclaimed all knowledge of the justice of the awards made by the court of claims which had been adopted by the budget committee without question. The increase in materials, supplies, equipment, and personal service for the state hospitals were defended on the ground of the increase in the cost of goods and the high cost of living. Perfunctory applause followed the speaker's concluding remarks.

The last speaker was Mr. Adler, the majority leader. He praised the early introduction of the bill and explained how the

estimates had been prepared. The bill had been on the desks of the members for a considerable time, and there was no real criticism of the appropriations "except the general criticism of the minority made as matter of course." He explained that the department heads had not been brought before the assembly to answer questions because "there were no flaws in the bill." He defended the personal service items, asserting that the "average wage or salary of the people in our state government is considerably less than \$1,000 per year." "This bill has been clearly and painstakingly made up," he concluded.

Obtaining unanimous consent to add a few more remarks, and remembering, perhaps, Dr. Johnson's statement that "the applause of a single individual is of great consequence," Mr. Callahan again took the floor and warmly commended the efforts of his party opponents on the budget committee and asked that the bill pass by a party vote. The motion was adopted, the bill passing by a vote of 85 to 45, although only some seventy members were in their seats. No roll-call was taken, the clerk merely announcing the number of ayes and noes. The two Socialist members asked to be recorded in the negative. The entire time consumed by the assembly in debate was two hours and six minutes.

The Passage of the Bill in the Senate

One full week after the lively altercation of March 26 in the senate, the bill came up on April 2 for final consideration. The discussion continued for exactly one hour. The senate was informed that Senator Wagner, the minority leader, was unable to be present that night although he knew that the annual appropriation bill was to be called up for passage. Senator Sage urged that the bill be immediately discussed and passed. Senator Cullen, acting minority leader in the absence of Senator Wagner, objected on the ground that the majority was taking an unfair advantage, and Senator Gilchrist of the majority upheld him. Senator Sage replied that Senator Wagner could speak on the bill some other time, but that the senate could not wait for him. The bill had to pass that night. Senator Mills, Republican, then questioned the chairman of the finance committee as to how long the bill had been before the chamber. A rapid-fire discussion ensued, which was interrupted by Senator Walker addressing the chair with, "May I ask if this is a rehearsal?"

Senator Cullen, unable to secure a postponement of the bill's consideration, apologized for the speech which he was about to make, as it "was prepared in a hurried hour." He said in part:

"This bill provides for total appropriations amounting to \$73,000,000. The State appropriations have increased \$25,000,000 in the three years from Glynn, 1914, to Whitman, 1917. They increased \$26,000,000 in the twelve years from Odell, 1902, to Glynn, 1914. The average annual increase in the last three years has been four times as great as it was in the twelve years from Odell to Glynn. From 1914 to 1917, the State population has increased perhaps five per cent., but the State appropriations have increased more than fifty per cent.

"The permanent overhead charges for payroll, supplies and general operating expenses of the State departments, have increased \$10,000,000 from Glynn 1914 to Whitman 1917. About \$7,000,000 of this is the increase in the payroll.

"We appeal to the majority in the Legislature, for the country's sake, to reduce their proposed appropriations by from \$15,000,000 to \$20,000,000 this year. If the financial program now proposed goes through, it will mean \$25,000,000 of new State taxation, of which one-half will be direct. Within a week, our country may be at war with a foreign power, in which event our State will be called upon to meet taxation for the national defense amounting to many times \$25,000,000. In such a crisis the taxpayers ought not to be asked to pay a single dollar of unnecessary taxation. You of the majority know that you can greatly reduce these appropriations, and you know just where it can best be done."

Senator Cullen concluded his remarks with an appeal to the majority to allow the minority to redraft the appropriation bill as introduced by the budget committee and guaranteed that his party members could cut the totals down fifteen to twenty millions of dollars.

Senator Cullen rose again to ask Chairman Sage regarding the appropriation for the Public Service Commission for the First District. He questioned this appropriation because it was exactly the same as the total estimated expenditures returned by the commission to the budget committee. The estimates had not been cut down at all. Senator Sage replied that he had gone down to the office of the commission in New York City to try to get the information he wanted about the items and had "got nothing." He had then requested Senator Thompson, chairman of the committee on public service to see what he could do. Sen-

ator Thompson had put an "expert" at work on the commission's requests and the "expert" had "made a report that no one could understand." Finally the committee had granted the \$472,000 without knowing just how much should have been appropriated. They had taken the commission's word for it.

The next speaker on the Democratic side of the chamber, Senator Walker, objected strongly to an appropriation of over \$60,000 for the Bureau of Physical Training, one of the bureaus under the Military Training Commission. He claimed that the functions of this bureau constituted a flagrant duplication of expenditures and of effort.

Senator Gibbs, Republican, questioned Senator Sage on a \$7,000 appropriation for Mrs. Gertrude Green, widow of the late George E. Green, former state commissioner of excise who died on the sixteenth day of January, 1917. The senator wanted to know if the state had not paid Mr. Green his salary, and if so, what the appropriation meant. Several members hastened to explain that there were many precedents for granting an appropriation equivalent to the amount of salary the officer would have received for the remainder of the year to the widow of an officer who died while in the service of the state. This explanation seemed to satisfy Senator Gibbs, and no further questions were raised about the items in the bill.

Senator Sage, chairman of the senate finance committee, was the sole defendant of the majority's appropriation measure. Senator Brown, the majority leader, tried to shut off debate in a peremptory manner, but Senator Sage prevailed on him to allow the discussion of appropriations to proceed.

Senator Sage replied briefly to the minority's indictment of extravagant appropriations during the Republican régime for the previous two years, saying, "In view of the fact that in the election of 1915 the Governor of this State plainly told the people that he had approved expenditures in excess of his predecessors and frankly told them that he would be ashamed of himself if he hadn't spent more money than some of them and of the further fact that the people at the polls approved of the appropriations of 1916, I take it that the duty of this legislature will be performed when it justifies its proposed expenditures of this year compared with the appropriations of 1916."

Senator Sage then discussed the general increases in expenditures which were proposed for the coming fiscal year. He referred to the tremendous increase in the costs of food, materials

and supplies, etc., and urged that the addition of new functions to the state government be kept at a minimum. Taking up the appropriations by the "divisions of government" he explained just where the increases over the appropriations of previous years were allowed and the necessity for them.

But, possibly the most significant part of the senator's speech is found in his concluding remarks, which were in part as follows:

"I am not satisfied with the form of this bill. It is too closely itemized. The funds should be granted in a lump sum for each department's needs. We do not believe that all departments coming to us for appropriations are dishonest. Why pin them down? It costs more each year under this kind of bill [highly segregated with no possibility of transfers] than ever before. I hope that in time we can return to the old form of bill [lump sum appropriations]. Sometime we will get back to that form, because it is the only way to draw the bill." He concluded by favoring lump sum appropriations for maintenance and operation expenses because "departments always ask for more than they need in order not to be caught short of materials." Such a plan would stop the tendency of departments to overestimate their expenditures for the coming year because of the limited transfer facilities, he thought. No one asked Senator Sage why the bill he had introduced was itemized, against his wishes, evidently because all realized that the form was the governor's.

The bill was passed by a "party vote"—33 ayes to 11 noes.

The debate in the senate abounded in pointed queries. It had more "bite" to it than the discussion in the assembly several days before. With Senator Wagner absent, the speeches were perhaps not so spirited as they might have been if the minority leader had been on the floor, yet the information which Senator Sage brought to bear on the subject of appropriations made up for the lack of vigorous interrogation which Senator Wagner would have supplied. Senator Sage's approval of the lump sum method of appropriating moneys and his objection to the highly segregated kind of appropriation bill marked the principal difference existing between the governor and the legislature over appropriations at this session. That Senator Sage had the members with him on this question, without regard to party, was proved subsequently when both the senate and assembly voted almost unanimously to pass the lump sum items for the legislature over the veto of Governor Whitman.

THE INFLUENCE OF THE MINORITY

The neglect of the minority members of the joint legislative budget committee to attend the committee conferences has been commented upon already. Of that group Senator Wagner was the best equipped to review and criticize the procedure of the majority members and he stated at the time that he was not attending because he had not been invited.

The other members of the minority did not appear to be very enthusiastic over playing the rôle of "watch-dog of the treasury." Another reason offered by the minority for this indifferent attitude was that they could have no appreciable effect on keeping the appropriations at a minimum. They were helpless against the majority.

"The Minority Can't Do Anything"

During the debates in the assembly and the senate on the appropriation bill, the leaders of the majority and chairman of the appropriation committees in both chambers made constant allusion to the futility of the "opposition" speeches. Mr. Adler in the assembly joked with Minority Leader Callahan over the compulsion he was under to make a political speech for the benefit of his constituents. He remarked that it was a necessary evil in our system of government that the minority must be allowed to speak. In the senate, the majority leader, Senator Brown, in the midst of the debate broke in upon the speech-making with a request to the chair that the debate stop immediately and the bill be passed. "What is the use of all this talk" he cried to the finance committee chairman, Senator Sage, "the minority knows it is just staging a show and can't do anything." But Senator Sage maintained that good would come of the minority queries and that he wanted to answer every one of them. The latter senator prevailed and the majority leader sat down with a beneficent smile for the gentlemen on his right. In addition to this, during the debates summarized above, Senator Sage informed the Democrats that the absent Senator Wagner could talk all he wished upon his return from New York after the appropriation bill had been passed and concluded that no one would object to a "post-funeral oration."

Senator Brown was correct in his statement that the minority "can't do anything." The minority had no specific information upon which to base questions or make protests. The entire machinery used in compiling requests, examining department

heads, making recommendations and drafting the items was in the hands of the majority. The sources of information were not open to the minority, except perhaps at the meetings of the finance committees, and intelligent criticism of proposals was thus rendered difficult in the extreme.

Failure of Minority to Use New Procedure

One source of information, however, was flagrantly neglected by the minority. At the time that Senator Brown taunted the minority with their helplessness, this opportunity was gone, but it had existed for two weeks earlier in the session while the general appropriation bill lay on the desk of the senators and was marked as a "special order of business" for each day. If the minority had insisted on a literal compliance with the terms of the Sage-Maier budget law, the general appropriation bill would have been actually the "special order of business" each day and pointed questions could have been asked in committee of the whole,—questions which the majority would have been obliged to answer regarding each of the departments, institutions and offices for which items appeared in the bill. If the majority leaders had been unable to answer the questions of the minority, it is possible that another provision of the Sage-Maier law would have been brought into play. This provision would have allowed the calling before the senate of the heads of departments to "answer inquiries by members pertinent to the appropriation bill then under consideration." The minority could not have perforce compelled the heads of departments to attend for this purpose because this contingency was artfully cared for in the Sage-Maier bill which provides that the heads of departments must appear and answer when "requested by a majority vote." The point is made that the minority never once sought to avail themselves of this section of the law. If some alert minority member had dug into the items for only one department he might have raised such searching questions concerning the management and affairs that the majority leaders and even the chairman of the finance committees would have been unable to give satisfactory explanations and would have been compelled to call upon the head of the department for assistance.

An indication of what might have been expected from such a course was frankly given by Senator Sage when he was questioned, on the night that the bill was up for final passage, about the \$472,000 item for the First District Service Commission. Senator

Sage openly admitted that he had no information as to the need for this amount, that he had been unable to obtain any, and he had allowed what they asked for because he felt that the commission should not be crippled. In passing, it might be remarked that the whole policy of the minority regarding the appropriations this year was patterned upon the same philosophy. Had Senator Sage been questioned about this commission's request for \$472,000 during the time that the bill was the order of "special business" on second reading, before the committee of the whole, he would have been obliged to make the same answer. In that event, either the house would have been obliged to place itself in the ridiculous position of being willing to pass appropriations without knowing anything about them or it would have had to call upon the public service commissioners themselves to appear and explain and defend their requests. It is almost certain that the course provided in the Sage-Maier Law would have been followed, and in that case, it is highly probable that more attention would have been paid to the appropriations this year than ever before. The novel proceeding would have received attention in the press, and, owing to considerable feeling that existed between members of the senate and members of the public service commission there would have been every prospect of a "fight," from which the public would have received the benefits of the publicity provided for in the new Sage-Maier budget procedure.

Minority Inactive at Two Other Critical Periods

Although the minority members really lost their battle when they failed to equip themselves with special knowledge and to discuss the appropriation bill in the legally designated period previous to the advancement of the bill to the order of final passage, there were two other important occasions on which they might have opened an effective attack on the methods and measures of the majority. The first of these opportunities was afforded when Governor Whitman informed the leaders that he would not sign the appropriation bill in the form submitted to him on April 2 on the ground that the constitutional requirements for a two-thirds vote on measures appropriating money for "private or local purposes" had not been complied with in the vote cast in either house. The bill did carry items that were construed as being "private or local," as for example, the appropriation of \$7,000 for clearing out Bell's creek in Oswego county,

and the appropriation of \$1,000 for dredging and deepening Scriba creek, also in Oswego county. Therefore, as the bill stood, a two-thirds vote in both houses was required in order to pass it.

Had the minority desired to develop a truly critical consideration of appropriations by attacking the Bell's creek and Scriba creek items and similar local grants tucked away in the folds of the 734-page bill, they could have blocked the action of the majority in recalling the bill and passing it by the necessary two-thirds vote. The majority party had the two-thirds vote in the senate, but lacked one vote of the requisite number in the assembly. The minority in the lower house, if it had acted as a unit, could have compelled the majority to amend the bill by eliminating all of the "local or private" items before it was repassed. It might have been a very difficult matter to hold the minority solid for this program, however, since several of the up-state members of that group had private and local bills of their own which they were anxious to pass. Doubtless a little "log-rolling" would have created the necessary two-thirds in the assembly, but the utter indifference of the minority was indicated by the failure at this juncture even to attempt a reduction of the appropriations.

Had the minority made a fight, it is barely possible that the passage of the appropriation bill might have been delayed until late in the session. One of the reasons for sending it to the governor early in April was to make it a "ten day bill," that is, one on which he would be compelled to act within ten days, and to return the bill with his veto message to the legislature before final adjournment. This early passage of the appropriation bill was unprecedented, and was highly commendable because it afforded a good index of the total amount to be expended during 1917-18, and facilitated the drafting of adequate revenue measures to meet the expenditures authorized. A determined fight by the minority, especially if the governor had thrown his influence into the fray, might have held up the bill until the final week of the session and thus allowed the governor a period of thirty days in which to exercise his veto power without the possibility of any retaliation by the legislature. Nevertheless it should be said that the leaders of the majority, according to their own statements, were ready to remain in session all summer rather than to allow the governor a free hand in vetoing the items in the bill. Therefore, had the minority made any attempt at prolonged discussion of the appropriation bill it might have had little effect on the final outcome.

The second opportunity for a critical consideration occurred when the governor returned the bill with his veto message. In that case, the minority might have thrown in their lot with the governor who denounced the "lump sum" items for legislative expenses and declared that these amounts must be itemized. The minority, however, took the position that the governor should not interfere with the operations of a co-ordinate branch of the government and voted to a man with the majority, so that the governor's veto of these legislative items was over-ridden.

The Need for An Aggressive Minority

Because of the peculiar nature of our political institutions, the governments of our American commonwealths have failed to develop in the party of the opposition that alertness, mental agility, and restless energy so characteristic of minorities in most parliamentary systems of government. Under our system of "legislative" government, there is no provision for leadership. It is irresponsible government. It "limits advocacy and defense," runs the appraisal of the New York State government on page 66 of MUNICIPAL RESEARCH 61, "largely to chairman of legislative committees, whose ways are secret, deprives the 'opposition' of all opportunity to question the administration on the floor, applies 'gag' rule to debate to force measures of an irresponsible 'organization' through each house, and in case of difference, through joint conference committees, whose reports are accepted under the whip, and sends to the executive measures without giving him any public opportunity to participate, except by acceptance or rejection. This is the type of regulation of legislative procedure employed in the state of New York. . . . The defect is one of fundamental design that cannot be cured by patchwork or safety devices to prevent disaster."

In parliamentary government, the members of the minority party are irresistibly rowelled into action. Professor Charles A. Beard has called it "hair-trigger government." The opposition is continuously spurred to keep a sleepless watch on the majority's actions and policies, ready to seize the first occasion to overturn the party in power on some concise political issue. Under it there are no fixed terms of office, no separation of powers to render government immune to a politically conscious electorate, no *carte blanche* for a definite period for the party in control of the governmental machinery. Parliamentary government, with the union of the legislative and executive powers inevitably breeds

informative discussion and debate through the presence of an inquisitive and restless minority. Continuing to quote from the volume mentioned above (page 78, MUNICIPAL RESEARCH No. 61), the comment on the "opposition" party in American politics reads: "The big principle that has been missed in our constitution making and in establishing the procedures governing the legislative body has been the necessity for making the 'opposition' effective, and bringing political criticism to some positive test before the electorate. . . . The methods for making the 'opposition' effective are: (1) to put it in a position to prevent executive action that does not have the approval of a majority of representatives, and to prevent legislative action by a majority of representatives that does not have the approval of the executive; (2) to provide for a prompt reference to the electorate in case these two independent branches cannot come to an agreement."

The Seismograph of Politics

What are the conclusions then to be drawn from the facts noted in the legislative procedure of the state of New York? The enduring trait of the minority is its passivity, its inertia. On a bill appropriating nearly fifty million dollars the legislature used up only three hours in discussion.¹ The minority is of little effect as a critic. In fact, it acts merely as a seismograph of political disturbances; it records political tremors. There is no constant pressure upon the actions of the majority, no dynamic opposition. The minority is an opposition party that does not oppose. The years have failed to remedy this fundamental defect in our state legislative procedure. The minority continues its placid way, content to wait—wait with a lion's patience—for the time when it can once more paw the patronage of politics and lord it over a majority defeated at the polls. It is said that in course of time the sardine learns to like his can. So, apparently, does the supine minority enjoy the long, silent watch for the return to power.

Pointless Discussion in Legislature

Not only is the minority merely a weak participant in public affairs, the general standard of debate in the legislature is not very high. In listening to the debates on the few important bills that come up for passage, one is reminded strongly of Carlyle's

¹ Last year the discussion of the 1916 general appropriation bill consumed seven hours. See MUNICIPAL RESEARCH No. 72, p. 96.

invectives against the ceaseless blather of representative bodies. The discussions over State Police, Local Option, Taxation and Appropriation bills lack for the most part what Mr. H. G. Wells calls the "mental hinterland." There is a dearth of straight logic and marshalled facts. Hours of talk, talk, talk, cause even the hardiest legislators to succumb to indifference in both senate and assembly, "where for very speaking, the voice of man has fallen inarticulate to man." One is compelled to say that many of the legislators "have hearsay minds; they are fussy, petty and wasteful—and in the way of getting things done pretentious." They take the floor to make a speech, rustle a fist full of documents and commence. One after the other the various members of the chamber get up, go out and return; the stenographer strains his ear to catch the utterances of the speaker some forty feet away; and the pages rush about here and there to answer the constant "clap, clap" of legislators who want their mail brought to them or some other errand performed. The speaker shouts on amid all this confusion, debating with his largest lungs and gravest looks, unperturbed in his effort to appear in print on the morrow for the cognizance of his constituents. The deliberations of the senate are of a higher standard than those of the assembly but still leave much to be desired.

The Comment of the Press

The startling events that happened in connection with the European War during the weeks when the appropriation bill was being considered and the entrance of the United States into the world conflict crowded extended comments on the appropriation bill off the pages of the newspapers. Very little mention was made in regard to the biggest budget that the state of New York had ever seen.

The passage of the appropriation bill in the assembly and in the senate was scarcely noticed. This period between March 29 and April 2 was filled with rumors regarding the speech which President Wilson made on April 2 to the Congress regarding the declaration of war against Germany. After the passage of the bill by the assembly, *The N. Y. World*, *The Times*, and *The Tribune* on the morning of March 30 gave an inch of space each to the subject. The evening after the bill passed the senate, April 3, the *N. Y. Evening Post* headed an article on the bill's passage, "Perfunctory Opposition to State Budget Bill." The Albany papers were more generous with their space.

CHAPTER VII

ADDITIONAL APPROPRIATION BILLS

The additional appropriation bills passed at the 1917 session comprised emergency or supply bills and measures appropriating moneys to pay the contributions to the debt service and for the construction and maintenance of highways throughout the state.

Emergency or Supply Bills

Emergency or supply bills, designed to meet deficiencies incurred by the various departments, numbered four this year, as against two last year. The first, totaling \$1,331,808.73, was passed before the annual appropriation bill was introduced, in order that the numerous state institutions might subsist. The rapid rise in the cost of foodstuffs and materials, had left some institutions without enough supplies to last thirty days. The items in the bill were approximately the same as the amounts recommended in the governor's tentative appropriation act. There were two exceptions. An expenditure of \$200,000 for a horse barn at the Syracuse Fair Grounds was inserted in order to get the building completed "for the use of the National Guard." The other appropriation went to the health officer of the port of New York and was designed to tide over that department from January 1, 1917 to June 30, 1917. This office had been granted only enough money to operate until January 1, 1917 because the 1916 legislature understood that the federal government intended to take charge of the work after that date. This the federal government failed to do with the result that \$85,579.95 had to be appropriated for the remainder of the fiscal year.

The second supply bill was incorporated in the annual appropriation bill as is customary. This bill, totaling \$2,937,807.33, has been considered in chapters five and six.

The third supply bill supplemented the annual appropriation bill to the extent of \$815,646.47. It was introduced on April 30 and gathered in its meshes the contents of several special bills. It contained an item of \$6,000 to pay the commodore of the naval militia "the same salary as a commodore of the United States Navy receives when on shore leave." This special bill is dis-

cussed elsewhere.¹ The necessary funds to cover the new function imposed on the department of farms and markets by the Witter bill were placed at \$35,000 in this supplemental appropriation bill. The legislature had a deficiency item of \$27,000. Several new judgments were provided for.

Another bill which proposed to pay state employes their full salaries while on United States military service was incorporated in this bill with an appropriation of \$500,000. Construction and repair items, amounting to \$30,000, which had been omitted in the annual appropriation bill, came to their desired abode in this medley of appropriations. This bill belonged to the omnibus variety. It caught up many appropriation bills into one dignified measure and, thus decorated by some worthy items, the whole was slipped through the legislature during the closing days of the session. The action on this bill was a distinct resort to the old method of putting through appropriation bills which has been so vigorously condemned in the past.

The last supply bill was an appropriation to pay a deficiency of \$150,000 incurred by the state in mobilizing the national guard for Mexican Border service in 1916.

The Debt Service Appropriation Bill

The debt service appropriation bill appropriated from the general fund the \$12,843,379.69 necessary for the payment of contributions to the sinking funds and interest on the corresponding state debts. The direct tax bill was a "sister" measure which imposed a millage tax on property calculated to raise the funds which are known as the "contributions to the debt service," and the appropriation bill was introduced to appropriate the \$12,843,379.69 thus raised.

The Highway Bills

The highway bills numbered six this year. Usually there are not more than two. The first bill provided for the maintenance of the state highways. This is definitely a state function, and the cost of the work amounted to \$4,525,000, which exceeded the governor's estimates by \$200,000. The second highway bill appropriated \$1,980,000 for the repair of town highways. This bill was denounced by the minority as a matter of local patronage, "political pap," and was defended on the ground of custom. It is for work that is in the nature of a local charge and not a

¹ See p. 110.

state function. The third bill reappropriated \$808,581.52, an unexpended balance for the maintenance of the state highways. The fourth bill appropriated \$300,000 for the construction of rural post roads in order to take advantage of the Federal contribution made by the previous Congress. A fifth bill called for an expenditure of \$300,000 to construct the West Point-East Military highway. The sixth bill appropriated \$100,000 for the maintenance of the state highway connecting New York City with Albany, as a measure of military preparedness. These six bills called for an unprecedented outlay on the part of the state, one half of which was looked upon by some as unnecessary and unwise in view of the vast expenditures already incurred by the state in running departments and institutions.

The last two mentioned highway bills were engendered by the war hysteria that prevailed around the capitol during the last six weeks of the session. The papers made constant complaint that war bills were dominating the session and cloaking many disreputable measures which ought never to have come out of committee.

The Passage of the Additional Appropriation Bills

The emergency bill, carrying appropriations to the amount of \$1,331,808.73, passed the senate on February 27 after a short discussion, which was confined practically to one item, namely, a new concrete "horse barn" at the Syracuse State Fair Grounds, to cost \$200,000.¹

The bill was transmitted to the assembly February 28 and advanced to third reading. On March 1, the bill was passed.

The discussion of the bill lasted twenty-four minutes. Minority Leader Callahan spoke for thirteen minutes. He began by stating that the bill totalled \$3,500,000, but was immediately corrected by Mr. Machold. The minority leader approved of all the food items, but objected to the \$200,000 horse barn which had been assailed in the senate. He took exception to the item for fuel, light, heat and power for the New York State College of Agriculture at Cornell University which amounted to \$10,700 and to an item of temporary wages of \$19,890. He said that he failed to understand what these items were for. Taking up the prison department items, he again failed to understand the emergency appropriations for statutory compensation of prison guards. He maintained that some of the items were included in the 1916

¹See p. 102.

appropriation bill which the governor had vetoed the previous year. Half of the emergency appropriations were just, but the remaining half were unnecessary, he concluded.

Mr. Machold followed him, but there was so much noise in the lobbies and in the chamber that it was impossible to hear him.

The debate was concluded by Mr. Adler, the majority leader. He insisted that it was impossible accurately to foresee estimates in order to avoid deficiency or emergency bills and praised the merits of the bill. The discussion ended, the clerk read the "short roll-call" of four names and the bill passed. There were only forty members of the total one hundred and fifty in their chairs at the time, and not more than a half a dozen paid any attention to the debate.

The debt service appropriation bill was passed on the last day of the session when the legislative calendar was choked with bills on third reading. Hidden away under the mass of other bills, discussion of the measure was impossible. It was by no means one of those bills that is "armor-plated" and immune to question and debate. The debt service of the state has been known for a long time to be very defective or perhaps it would be better to say "over effective." The appropriation of over twelve millions of dollars could have been opposed on the ground that such a sum was excessive and unnecessary by three or four millions of dollars. There is at the present time an excess in the State Sinking Funds of \$34,000,000 over and above the requirements for amortizing the loans. This is due to the fact that the millage tax levied on real and personal property in the state has been and still is higher than the requirements of the sinking funds demand. Subject matter for a stirring debate abounded in this proposal, but no member of either chamber took advantage of this opportunity to shed a little light upon the state's financial methods and perhaps very few were aware that the bill was vulnerable.

The four highway bills, carrying \$6,905,000, received about as scanty notice during their passage through the legislature. The state highways bill calling for \$4,525,000 met with little opposition, but the town highways bill carrying \$1,980,000 was denounced by the minority in both houses as catering to political rather than public interests. Senator Wagner was unsparing in his criticism of the bill, demanding that the present state of war with Germany should rouse enough patriotism among the members to end political patronage. In regard to the rural post roads bill which appropriated \$300,000 to supplement the Federal subvention for

the same purpose, there were a few who opposed the bill on the ground of states' rights. Senator Mills was one of the most vigorous speakers against the policy of the Democratic administration at Washington in interfering with the functions of the states. The New York-Albany Highway Maintenance bill was passed during the bustle of the closing day of the session when debate was an absolute impossibility.

CHAPTER VIII

SPECIAL APPROPRIATION BILLS

The special appropriation bills are the bills that help to make all roads lead to Albany and transform the Capitol into the great whispering gallery of the state.

Definition of Special Appropriation Bills

Special appropriation bills are measures that contain one specific object for which money is to be appropriated from the treasury. The objects or purposes proposed in these bills can be classified as follows:

1. For state purposes, instituting new governmental policies, etc.
 - a. Creating new bureaus, boards, commissions, etc.
 - b. Increasing by amendment salaries and wages fixed by law.
 - c. Instituting pension systems in departments by amending the law.
 - d. Providing for bond issues (Art. VII, sec. 4, Constitution).
2. Miscellaneous Special Bills.

1—BILLS RELATING TO GOVERNMENTAL FUNCTIONS

The majority of the special appropriation bills may be classed as relating to the functions of the state government.

Bills Creating New Bureaus, Etc.

The Mills bill, Introductory No. S69, contemplated the establishment of a state-controlled health insurance system. This policy, if adopted, would have meant the expenditure of thousands of dollars for the first year. The functions of a health insurance commission would grow with amazing swiftness, comparable at least to the million dollar state industrial commission. This bill proposed a new state function. It meant a continuing charge upon the treasury. As such it ought to have been included in the estimates of appropriations and debated along

with the other estimates before the annual appropriation bill was drafted.

In the case of the State Hospital Development Commission bill, introduced by Senator Sage, Introductory No. S265, the joint legislative budget committee did include the expenditures involved in this undertaking in its budget estimates. The plans for the future were discussed in the legislature. These were: (1) the immediate construction of new buildings at the Middletown State Hospital site and at the Marcy site; (2) the creation of a commission to investigate a general plan of hospital development; and (3) the contemplated expenditure of \$2,000,000 a year for the next ten years according to the recommendations made by the committee after its investigation. The procedure followed in passing this bill left plenty of room for discussion on the floor of the legislature and its passage during the middle of the session enabled the legislature to judge just how much more would be added to the budget appropriations for the session.

Likewise with the consideration of the Mills State Constabulary bill, Introductory S310. This bill contemplated the addition of a new state function, namely, the establishment of a state police force similar to the Pennsylvania mounted constabulary. The amount deemed necessary for the financing of this new department was \$500,000. This bill, too, was estimated in the budget statement prepared by the legislative budget committee. The bill was passed April 4 after it had been discussed on and off for several weeks. The fiscal importance of the measure, however, was neglected in the controversy over the social and economic necessities for a state police, although the New York City Democrats put up a strong argument on the point that the metropolis would have to pay over half of the annual appropriation for services which it did not need and would not receive.

Not all these bills to establish new bureaus and boards in the state government received the same publicity as the foregoing bills. The Witter bill, Introductory No. A1208, is an example of the lack of publicity. It authorized the establishment of county farm bureaus. The state was to appropriate \$600 and the county establishing such bureau not less than \$1,800 for maintenance. If all the counties in the state desired to take advantage of this subvention from the general treasury, the state would be obligated to the extent of \$37,200. There was nothing in the bill to indicate just how far the state would be financially involved by its enactment. Bills of this character

should contain the actual maximum amount which it might be necessary for the state to spend to fulfill the provisions of the law. As it is they might well be included in that class of measures which is explained below.

"Indefinite" Appropriation Bills

The "indefinite" appropriation bills embrace all measures proposing to increase the salaries and wages of state employes which are fixed by statute, and bills proposing to institute pension systems in departments. These bills call for increases in the continuing charges on the state treasury. There were thirty-two measures which contemplated increasing the salaries and wages of employes in various departments and institutions, while six other bills proposed granting pensions to various classes of employes in the employ of the state.

Once such a bill becomes law, the legislature in making up the budget during the next year invariably makes the appropriations necessary to fulfill the provisions of the law. The effect of these bills on the state treasury is at first imperceptible because the increased expenditures involved do not become apparent until the next year's appropriation bill is drawn up. Of the thirty-eight bills in this class introduced at this session, twenty-four were passed. They seem so small and innocuous when considered by themselves that their full significance is not measurable until the entire array of bills introduced during the session is surveyed and carefully analyzed. Then they appear in their true light as a veritable menace to an intelligent budget plan and procedure.

The Slater bill, introductory No. S422, proposed pensioning all employes in penal institutions after twenty years of service. No investigation was made as to how many would benefit nor how much the pensions would amount to in future years. The possible drain on the treasury in future years was not estimated. This is the reprehensible part of these pension bills that no account is taken of their effect on the treasury in the future. For "only wildfire and jury exemptions spread quicker than pension systems." The Knight bill, Introductory No. S321, provided for an increase in salary for district school superintendents from \$1,200 to \$1,500. There was no indication of the number that this increase would affect. The measure was passed, however. Two hundred and seven men will receive salary increases of \$300 each and \$62,100 will be added to the state's payroll.

Assemblyman Larney's bill, Introductory No. A1380, would have increased the salary of every civil service employe in the state ten per cent and made the wage of \$3 a day the minimum. In the service of the state are some twenty thousand employes. The average wage or salary is \$900. This bill would have made the salary of \$1,080 the minimum, and added some \$2,000,000 to the payroll of the state. Another bill, Introductory No. S1282, increased the salary of assemblymen by \$1,500 and of senators by \$2,000. If this bill passes the 1919 legislature and is approved by the people at the polls in the fall of that year, there will be an additional charge upon the treasury of \$327,000 over and above the present legislative appropriation of \$2,600,000.

The Naval Militia bill, Introductory No. S346, contained a "joker" which granted to the commodore a salary "equivalent to that received by a commodore of the United States Navy when on shore leave." This translated into figures meant a salary of \$6,000. At present no salary attaches to the position.

Senate Introductory No. 379 was an amendment to the Election Law. It increased to \$1,200 the maximum annual salary of the seventy deputy superintendents of elections at present authorized to receive a salary of \$1,000. This bill meant an increased continuing charge on the treasury of \$14,000. This increase in salary, of course, does not take effect until the legislature appropriates the necessary money. But without doubt, the next legislature will oblige.

The legislature will make much more favorable progress with its budget problems if it will in future take in account these numerous appropriation measures before it prepares its annual financial prospectus. All such bills creating new channels into which the state revenues must be poured should be included in the estimates and debated in company with the annual estimated expenditures on the floor of the legislature before the annual appropriation bill is drafted.

Of the thirty-eight bills of this character that were introduced, twenty-four passed the legislature and one of these was vetoed by the governor. Prior to May 10, the governor had signed ten of these bills.

Of the twenty-four bills in this class which passed the legislature this session, fourteen were assigned to other than the senate finance or the assembly ways and means committees. During the course of these bills through the legislature three

were referred to the legislative budget committee, the remaining eleven never were so considered. This is defective budget-making. All bills that in any way affect the general appropriation bill by increasing the continuing charges upon the treasury should be referred to the appropriation committees of the legislature in order that the budget appropriations may be carefully reviewed by the makers of the budget and the state's financial program be properly understood, and committees on codes, judiciary, internal affairs, etc., should not be allowed to pass on bills affecting the state budget without reference to the finance committees.

Senator Elon R. Brown, the majority leader in the senate, caught one of these bills as it was scurrying through the upper house. This was the Talmage bill to increase the salary of the transfer tax clerk in Erie county from \$3,000 to \$4,000 and in Suffolk county from \$1,000 to \$2,000.

"I don't see why we have these special bills to increase salaries coming up here year after year," said Senator Brown. "This may be a meritorious case, and perhaps they are all meritorious cases, but it is not the right way to do it. There should be a uniform way of handling these matters. They should be considered together, if possible, and there should be some way in which salaries can be cared for without imposing on the legislature the work of passing on all these requests."

Bills Calling for Bond Issues

Upon the borrowing of money on the credit of the state, elaborate limitations have been laid. Section 4 of Article VII of the Constitution limits the legislative power to create debts as follows: "Except the debts specified in sections two and three of this article, no debts shall be hereafter contracted by or in behalf of this State, unless such debt shall be authorized by law, for some single work or object, to be distinctly specified therein; and such law shall impose and provide for the collection of a direct annual tax to pay, and sufficient to pay, the interest on such debt as it falls due, and also to pay and discharge the principal of such debt within fifty years from the time of the contracting thereof. No such law shall take effect until it shall, at a general election, have been submitted to the people, and have received a majority of all the votes cast for and against it at such election."

The fact that several large bond issues were not approved

by this session of the legislature should not blind us to the objectionable practices which have grown up in connection with this branch of public finance. Such measures ought, of course, to be considered in connection with the regular appropriation bills. If passed they impose additional charges upon the debt service. They are as much a part of the state's expenditures for public work as the appropriations for current purposes. They, too, must be met by taxes sooner or later. Comprehensive planning, accordingly, requires the inclusion of the work to be covered by bond issues, and the charges to be imposed upon the taxpayers by them, in the general budget program of the state.

"Preparedness Legislation"

The latter half of the legislative session for 1917 was dominated by bills of a military character. Some of these bills called for huge expenditures and were bona-fide projects, but other bills were ushered into the legislature under the same plea of military preparedness and patriotism.

The large appropriation bills were apparently genuine. Among this number may be placed the Rockaway Fort Bill whereby the state was forced by the claims of a private realty corporation to provide almost two millions of dollars more than was originally contemplated. Actual payment will not be made until the claim is settled by the courts. The total appropriation was \$2,610,000. The Military Census bill called for an appropriation of \$150,000. Mobilization of the National Guard and the Naval Militia cost \$1,000,000, while \$62,880 was appropriated for a new bureau under the Military Training Commission. Of the eight armory bills which were introduced during the session, three passed. These three bills obligated the state to the sum of \$440,000. Cornell University benefited by a drill hall to cost \$24,400. The military resources of the state were to be organized in another bill at a cost of \$1,000,000, and a half a million was appropriated to promote an increase in the state's food supply. The entire block behind the Capitol building was to be bought up, according to another bill, and a state office building erected. The N. Y. *Evening Post* on May 5 said it was pushed "because Adjt.-General Stotesbury says he wants to use it right away for military purposes." This project, however, had been pending for years. The initial cost was placed at \$700,000. Bills were introduced for the protection of the Capitol, educational and

other state buildings during war time and \$50,000 was appropriated. Finally, two bills were brought in to provide the difference between the federal and the state compensation of the national guard during its Mexican Border service. The wide discrepancy in the amounts thought necessary to be appropriated to make up this difference to the guardsmen indicated that little thought could have been put on the matter. One bill called for \$3,500,000 and according to the other \$2,000,000 was believed to be sufficient.

The most brazen piece of "preparedness" legislation was the moss-grown Schenectady-Scotia bridge bill. This bridge which had been the subject of extensive lobbying for five years, at least, was advertised in the Ten Eyck Hotel at Albany where all the members of the legislature could not help but see it. A beautiful painting represented the future bridge with its many white concrete spans stretching across the Mohawk River, and below was appended a sign which read thus:

THE GREAT WESTERN GATEWAY
THE NATIONAL MILITARY HIGHWAY BRIDGE
WAR
DEMANDS ITS IMMEDIATE CONSTRUCTION

As another evidence that "it pays to advertise," it may be added that the bill was passed, this time.

2—MISCELLANEOUS SPECIAL BILLS

Miscellaneous special bills include proposed appropriations for the expenses of investigating committees, the reimbursement of persons who have incurred financial losses while in the state's employ, and the compensation of widows of state officers who have died while in office. In addition to the above classes of bills, measures which appropriate moneys to meet claims handed down by the court of claims as worthy of legislative consideration, come under the category of miscellaneous special bills. As to the propriety of such claims, the joint legislative budget committee this year relied on the comptroller's recommendations, as the finance committees of the legislature had done in the past.

The last class of bills under the title of "miscellaneous special" are projects which are for a "local or private purpose." A case cited under Art. III, Section 20 of the Constitution which provides for a two-thirds vote in both chambers to pass a bill of this class holds that "the appropriation of money to improve

a particular river is local within this provision." *People ex. rel. Adart v. Allen*, 42 N. Y. 378.

Again, in the Clerk's Manual on page 560 under the caption "Legislative Procedure" the following significant words are printed:

"As every new member will have the responsibility of *legislation for his locality*, a brief statement of the manner of introducing, progressing and passing a bill will be found convenient."

The above statement tacitly recognizes that vicious provincialism which pervades American politics and which the constitutional provision for a two-thirds vote to pass bills of a "local and private" nature was intended to curb. In common parlance, this class of measures constitutes the "pork barrel."

In New York state politics the "pork barrel" plays as prominent a part as elsewhere. Because of the precedent set by the state in building bridges for localities over its natural and artificial waterways, bridge bills form the most acceptable "pork" for the politicians. No less than twenty-four of them were introduced this session. On February 27, Senator Wicks introduced four bills proposing the construction of four bridges over the Black River Canal. A few days previous, Assemblyman Davis had introduced four identical bills for a similar number of bridges over this canal. Senator Wicks, who was duplicating them in the senate, did not introduce them all at once as his colleague had done in the assembly, but he tried two at a time and allowed a few other bills to intervene. Minority Leader Wagner, however, was alert. Addressing the chair to put a question to the introducer of the first two bridge bills, he asked, "There are four of these bills, aren't there?" Senator Wicks nodded assent. "One right after the other," queried Wagner. And the senator laughed, "Yes, one right after the other." A peculiar feature of these bills was that each cost \$1,000 more than the preceding one, the cost running from \$21,000 to \$24,000.

The improvement of streams is the next most popular subject of "local" legislation. Dredging, widening, and relocating channels, constructing dykes, culverts and retaining walls, and financing stream surveys, were proposed in twenty measures with appropriations ranging from \$5,000 to \$50,000. Canal improvements were proposed in ten bills and the cost was estimated at from \$5,000 to \$300,000. Finally, bills calling for

amounts averaging \$5,000 for game farms, fish hatcheries and agricultural experiment stations totaled eleven.

The problem of the "pork barrel" has become the despair of many people who have any insight into the practices of politics. The system of irresponsibility in public affairs which is characteristic of the "legislative" government of all the commonwealths in the Union has engendered this monstrosity of American politics. The principle that each legislator must fend for the welfare of his particular locality before he can be recognized as a public-spirited citizen is falling into disrepute, it is true, but no matter how many waves of public wrath may sweep up to wipe the "pork barrel" out of existence they always recede, leaving it untouched. Even under the most highly responsible government there would always be an irreducible minimum of "local" bills, and the recent Budget Amendment to the Maryland Constitution recognizes this fact.

The additional safeguard which the people of Maryland have thrown around the enactment of bills supplementary to the annual appropriation bill is that a tax or revenue provision shall be included in each supplemental appropriation bill to cover the additional cost imposed by it. Already in New York state the constitution provides that all bond measures must contain a clause levying a direct tax on property, but this does not apply to the dozens of petty "local" grants which are annually passed by the legislature. If the Maryland principle regarding supplemental bills were followed by the New York state legislature, it is still speculative as to how far the number of "pork barrel" bills would be reduced because the Maryland scheme has not yet been given a test.

The Passage of the Special Appropriation Bills

It is rarely that special appropriation bills, which are reported from committees, meet with strong opposition in the legislature. The easy method of pushing "pet" bills through both chambers by "log-rolling" was as prevalent this year as ever before. The customary practice followed by the sponsor of one of these bills is to "hold the bill back" on the calendar until the closing days of the session when in the rush and roar of enacting the people's laws they can be safely slipped by without anyone having time to raise objections and organize an opposition. The use of the "short roll-call" makes this procedure comparatively easy. It only takes a fraction of a minute for the

clerk in the assembly to read the abridgment and "last section" of the bill on the third reading calendar, and as the chair cries "Call the roll," to rattle off, "Adler, Callahan, Machold, Winter—ayes 130, noes none," then for the chair to announce, "Bill has been passed." The same thing is true of the senate. There the clerk is noted for the speed with which he can perform the "last rites" over a measure about to be passed. His call of the roll resembled rather a short whirring sound than, "Messrs. Argetsinger, Brown, Wagner, Yelverton, ayes 48." Frequently he called only the first three names. During the closing days of the session bills were passed as many as 36 in 36 minutes and 96 in three hours. Only occasionally do special bills receive extended consideration.

Opposition to bills that could in any way be related to preparedness for the war against Germany was entirely broken after the attack by Mayor Mitchel of New York City upon Senator Wagner over the Rockaway Fort bill. Although Senator Wagner was exonerated, each member felt that any objection to a military bill might bring a repetition of the charge of pro-German leanings. Consequently, the part of critic was left to the two Socialist members in the assembly, and they were generally perfunctory opponents who voiced their disapproval only by silence and recording their votes in the negative.

Eleven bills relating to military preparedness totaled \$6,247,880. The Rockaway Fort bill controversy consumed a full month of the legislature's time and ended in the state's being compelled to appropriate \$2,610,000 before it could acquire property valued in 1915 at \$800,000. Outside of the storm of debate and criticism and litigation that enveloped this bill, there was little or no consideration of the military bills. The New York *Evening Post* of April 23 said that "the four war measures which were introduced on Friday were ordered rushed through to third reading at once without discussion or further study in committee." Two days before this, the *Post* began an article thus: "This has been Mobilization Week at the State Capitol. For the past ten days war measures have come piling out of the Legislature like newspapers out of a printing-press." The food supply commission bill carrying a half a million dollars was rushed through both houses without debate in thirty minutes; the military census bill was passed under the short roll-call in both houses with only a word from Assemblyman Shiplacoff, the Socialist. This bill appropriated \$150,000. The mobilization

and council of defense bills appropriating a million dollars each received similar treatment.

Only when an appropriation bill involved some live issue of the day, did any appreciable deliberation ensue. Such a measure was the one appropriating \$500,000 for the establishment of the state police. The Democrats in both houses opposed the bill unanimously and were joined by some of the Republicans. The Republicans were accused of attempting to "Russianize" the state, of trying to crush labor, and of thrusting an added burden of taxation on New York City for which the latter received no return. The civil service reformers opposed the bill also because it exempted some 250 jobs from the usual examination requirements. But the fiscal question was swamped in the discussions over the perennial controversy between capital and labor and the row over patronage. This bill passed the senate by the scant margin of two votes—26 to 24. In the assembly the vote stood 81 to 60.

Writing on April 19, the Albany correspondent of the New York *Evening Post* sent an "S O S" to his paper which ran: "a shoal of obnoxious bills, mostly pension and salary grabs, have gone scooting through the Assembly like frightened fish. There is yet time to net some of them in the Senate."

On April 23, the N. Y. *Herald's* correspondent, Mr. Don Martin, took fright at the recklessness of the Albany legislators. His article was headed:

"WILD ORGY OF TAXATION TO PILE \$80,000,000 ON THE BACK OF
NEW YORK"

and the smaller headlines ran: "Pork Barrel Bills Sneak in Behind Measures of National Defence—Legislators Act Like Sailors on Shore Leave with All the Money in the World at Their Command." He criticised the legislature in the following terms:

"A study of the State expenditures for this year, coupled with a scrutiny of the pork barrel items tentatively provided for, will reveal to the over-burdened taxpayer of the State why the leaders of the Legislature are this year using microscopes to discover new things to tax. . . .

"The State Legislature is in the midst of what some folks call a financial carnival and others term a financial orgy. It is certainly something. There is no disposition anywhere in the State capitol to criticise the war expenditures, taken by and large, but there is genuine and substantial criticism of the readiness of the leaders—this means the Republicans

—to display sailor-like prodigality in a year when the nation is teaching economy and when the expenditures should be kept down as much as possible.”

In fairness, it should be said that while the so-called “pork barrel” bills listed in this news despatch were introduced by individual members, most of them were held in the Senate finance committee, and that the total of “local” bills reported by that committee was the smallest in many years. Most of those reported were requested by the superintendent of public works for urgent repairs to canal bridges.

On April 24, the New York *Tribune* correspondent wrote, “the assembly proceeded today to appropriate, with scarcely a murmur of opposition, about \$40,000 worth of repairs for bridges, highways, creeks and canals throughout the state. . . . Some of the ‘pork’ bills have already gone to the Governor, but most of them in both houses are being held to squeeze through in the last days of the session.”

In the senate on April 27, toward the end of the day’s work, Majority Leader E. R. Brown announced that every senator would have a chance to call up out of order one bill on the third reading calendar. Immediately, a rush was made for the “well”—the open space about the clerk’s desk. What happened may be described in the words of the *Tribune* correspondent’s article in the next morning’s paper. “In the general confusion that followed the Senators crowded around the desk in a wild rush, and \$267,000 was appropriated and thirty-six bills passed in an average of less than a minute each. . . . So confused were the proceedings that Senator Theodore Douglas Robinson’s bill to double the salaries of the legislators almost slipped by with the others. Few bills that were called up were objected to at all, and some of the Senators, like Slater, of Westchester, got more than one chance at the calendar. Garry Farrell, Senator Brown’s secretary, was breathless when the carnival ended from dashing about the chamber suppressing incipient objectors.”

The following day’s proceedings were described by the New York *Evening World* in similar phraseology. “In an utterly disorderly, confused mass the Senate is pushing through bills by the score at the close of the session. When the atmosphere cleared today after yesterday afternoon’s scramble it appeared that bill after bill had been hurled through the body with such speed and haste that few persons had time to even make a guess at what had been done. . . . Bills for the benefit of a minor

creek somewhere in New York jostled elbows with great measures that imposed large taxes and concerned vital interests. It was bargain day in the upper body, with a chance for everybody to get in under the tent." Speaker Sweet who came over from the lower house to see the senate uproar said, "It looks like the Stock Exchange during a panic."

As the session began to enter the closing days, the legislature speeded up its machinery to an amazing degree. On May 7, Mr. Charles S. Hand, Albany correspondent of the *N. Y. World* began his account of the previous day's session at Albany as follows: "With public attention centred almost entirely upon war, and little heed being paid to legislative undertakings at New York State's Capitol, the opportunities to 'put over good things' for a variety of interests have been almost unlimited at the session of the Legislature which ends this week. Legislators, ordinarily alert in catching bills cloaking jokers or in detecting measures designed to promote undertakings of avaricious corporations or individuals, appear to have relaxed under the strain of wartime conditions. The result has been a wholesale reporting of bills which in normal times inevitably would have found their way to the legislative junk heap."

The last four days especially were one continuous reading and passing of bills, interspersed here and there by objections from some obstructionist who would not down until his questions had been satisfactorily answered. Of the one hundred and ten special appropriation bills which placed a charge on the state treasury and which were passed by the legislature during the session, fifty-eight, amounting to \$2,268,419.35, were rushed through during the last four turbulent days. The procedure was simple, noisy and swift. All bills of importance were decided upon in caucus and passed by a party vote, the majority against the minority. The clerks in both chambers generally called the "short roll-call." After the members had been in session for as long as thirty-six hours at a stretch, it was hardly possible that unworthy measures should fail to slip through.

When the session closed, early on the morning of May 11, the tally showed that 565 bills had been shot through both houses in the final ten days and sent to the executive for approval or disapproval.

CHAPTER IX

THE REVENUE BILLS, OR FINANCING THE EXPENDITURE PROGRAM

It is in the proposal of new tax legislation that the economic groups which in reality constitute the government at Albany become most clearly delineated. The Association of Manufacturers and Merchants, the financial and public service corporations, real estate associations (chiefly big realty operators), the Stock Exchange, liquor interests, the Grange associations, the moving picture and theatre interests, the labor unions, these comprise the economic forces which determine the trend of tax legislation in the New York state legislature. There is nothing subversive or secret about their propaganda. The struggle to shift the burden of taxation from one group to another is fought out in the open. All the various economic organizations take a hand in the fray. In its broadest aspects, the progress of the revenue bills is controlled by the group which is able to exert the greatest influence during the committee hearings, in the lobbies and sometimes on the floor of both houses. The conflict between these groups narrows down usually to the owners of real estate and the possessors of intangible wealth in the form of stocks, bonds, and profits. More definitely, the contestants may be termed realty operators and industrial and financial corporations.

Special Investigative Committees and the Committees on Taxation and Retrenchment

On January 3, 1917, Senator Brown prevailed on the senate to pass a resolution, in which the assembly concurred, appointing a legislative committee to investigate the moving picture industry as a new source of taxation. This committee held numerous hearings for three months and reported its findings. During this period, the senate and assembly committees on taxation and retrenchment, acting for the most part jointly, searched about quietly for new bases of taxation. As the weeks wore by and the joint legislative budget committee's appropriation program took surer form, the taxation committees, which kept in close contact with the budget committee and studied the expenditure program,

began to introduce at intervals measures amending the tax law, and new tax legislation. The policy appeared to be not to obtain a basis of taxation that would yield revenues approximating the proposed expenditures. The aim was to insure that the treasury would contain "a comfortable balance" at the end of the fiscal year. Most of the bills drafted related to slight changes in the existing tax law. The proposed changes were lingual rather than fiscal. They aimed at the correction of confused phraseology. Of the scores of tax bills introduced during the entire session very few radically affected the taxing system of the state.

Introduction of Revenue Bills

The revenue bills were generally introduced in duplicate, that is, simultaneously in both houses. They appeared sometimes one a day, sometimes two or three a day, and once or twice over a score were introduced at one sitting. Bills of little significance predominated. But the few genuine new tax measures "had teeth." They touched corporate incomes, investment companies, the Stock Exchange, electric power companies, the "movies," theatres, merchants, automobile owners, banks and trust companies, the liquor traffic, trades and professions. On these bills numerous hearings were given by the taxation committees.

The "Hearing Season"

From the middle of February to the end of the session, the Albany hotels and the transportation lines do a profitable business. The property instinct urges both men and women to descend in droves upon the capitol of the state. This period of legislative excitement is known as "the hearing season." Counsel for corporations, secretaries of associations representing real estate, industrial, and business corporations, professional lobbyists in the pay of the liquor interests, representatives of the moving picture and theatre groups, trade unionists, and the social reformers (known as "the white horse cavalry"), all wend their way up the "hill" to block the "midway" leading from the senate to the assembly, and to besiege the committeemen.

The procedure followed in the hearings held by the committees is, in general, similar. Be it real estate operators or corporations, liquor interests or prohibitionists, trades unions or Grange associations, the discussion is always a collision between two violent and extreme views. Corporations of every character and description swear that they are scarcely earning enough to pay interest

on their bonds, to say nothing of dividends on preferred and common stock. Real estate representatives bewail the depression that afflicts the realty market and declare that any change in the amount of the mortgage tax or the imposition of a direct tax on property will spell their ruin. The "movie" people announce that they can scarcely make a living because the one-hundred-thousand-dollar "stars" absorb all the profits. The old, old fight between John Barleycorn and the venerable Carrie Nations is repeated with the liquor men holding out to the committee the lure of eleven millions in excise taxes. The merchants and trading stamp companies protest vigorously against the taxing of trading stamps and list an endless array of grievances about the "middlemen skimming the cream off" the business of distributing the sustenance of the state. Finally, the proposition of licensing journeymen electricians, moving picture operators, detective agencies, messenger boy services, insurance brokers, itinerant pedlars, Adirondack guides, etc., brings a strange conglomeration of capitalistic and labor interests into play. The general impression gained at these hearings is that any additional revenue measures will rend in twain the sacred curtain that protects the Holy of Holies in the temple of industry. The hearings definitize in a remarkable way those faint outlines of economic groups which loom in the background of society when the legislature is not in session.

The Adjustment of the Revenues to the Expenditures

The injection of the local option issue into the problem of financing the huge expenditure program endorsed by the legislature jeopardized to a considerable degree the possibility of adjusting the state's revenue to meet the appropriations made by the legislature. In brief it made it doubtful just how much of the eleven millions which are annually derived from the licensing of the liquor traffic would be forthcoming during the fiscal year 1917-18.

Another problem which the committees on taxation had to face was the complete failure of the personal property tax for the past sixty years. The report of the Mills Committee of 1916 proved conclusively that it was impossible to reach directly intangible wealth. It always escaped the taxgatherer. The Mills Committee plead strongly with the legislature to abandon the futile attempt to tax personalty for the more effective income tax.

As a consequence of this actual loss of income and the future

loss impending through the adoption of the Optional Prohibition Remonstrance Law, the committees on taxation were forced to turn to the matter of taxing incomes. Inasmuch as the mercantile and manufacturing corporations of the state which had more than forty per cent of their capital invested here had been practically immune from taxation up to this year of 1917, it was decided to lay a tax on incomes which would reach them alone. It was thought that this would spread the burden of taxation equally over realty and personalty, and the realty interests were more than satisfied with the settlement.

More striking than the huge proportions of the 1917 budget, the failure of the tax on personalty, and the impending loss of revenue through Local Option was the admonition of Senator Sage, chairman of the senate finance committee, that New York state had better prepare for one hundred million dollar budgets in the very near future. Speaking before the City Club in New York City on March 10, 1917, the Senator stated that "the talk of decreasing the budget of the state is either ignorant or dishonest. We must appropriate more and more each year and a budget of a hundred million dollars looms in the near future."

Still further to supplement the low revenues of the state treasury, three important bills were introduced and passed. Two were prepared by Senator Ogden L. Mills who was chairman of the 1916 Joint Legislative Committee on Taxation. The first taxed investments such as bonds, notes, and other obligations and supplanted the old unsatisfactory Secured Debts Tax. The second Mills bill taxed investment companies and the measure of the tax was to be the face value of the capital stock and the surplus and undivided profits. The third bill was prepared by the senate taxation committee to offset the decrease in revenues threatened by local option. This bill imposed a supertax on the liquor traffic, reduced the number of licenses, and increased the license fees. So hot was the fight on this bill that it was amended thirteen times.

The revenues necessary to satisfy the contributions to the state debt service which comprises interest and amortization charges to the amount of \$12,843,379.69 for nine Canal, six Highway and two Palisades Interstate Park sinking funds and one State Forest Preserve sinking fund, were raised by a bill introduced by Senator Sage. This bill imposed a millage tax upon the general property of the state and is known as the Direct

Tax. It is in reality a tax upon real estate since very little personal property actually pays any taxes.

This heavy direct tax was imposed despite the fact that a surplus of over \$34,000,000 already existed in the state sinking funds. Under the present system, which is the outgrowth of mistakes in computing tax rates made in the past, every contribution made to the sinking funds swells the absurdly high total without the prospect of relief. A bill (Sen. Int. 1593) was introduced by Senator Burlingame which was designed to correct this situation. The bill would have reduced the direct tax by between \$3,000,000 and \$4,000,000 this year and a corresponding amount every year thereafter until the surplus in the sinking funds had been absorbed.

Briefly, the bill provided that each sinking fund for the redemption of bond issues at maturity should be treated separately on a scientific, actuarial basis, with contributions calculated to meet the full sum required to retire the bonds at maturity without imposing an unduly heavy burden on the present generation. The existing surplus in each fund was to be taken into account by the comptroller who, in the language of the bill "on or before the first day of April in each year" would be required "to compute the total amount required to be raised by such tax in the next ensuing fiscal year by adding (1) the amount necessary to pay the interest accruing in such fiscal year on the bonds issued under this act and outstanding and on those which will be required to be issued during the current or next ensuing fiscal year, and (2) *the amount, which, if thereafter annually contributed to the sinking fund hereinafter provided for, would, with the fund and the interest accumulations thereon and on the contributions thereto, compounded annually at three and one-half per centum, produce at the date of maturity of such bonds the amount necessary to pay and discharge them.*"

The bill treated each of the existing sinking funds separately, but the language regarding the computations to be made by the comptroller was the same in each section. The object of this amendment, which was in the same words as the proposal adopted by the constitutional convention of 1915, was to allow the comptroller to certify to each legislature the amount necessary to appropriate to each fund, taking into account the fact that a surplus existed. It would not have used up the surplus at once, as had been proposed previously, but would have spread the absorption process over a period of years, reducing the amount to be ap-

propriated each year in proportion to the amount of surplus already on hand.

The significance of this proposal was not lost upon the state's financial officers. The comptroller's office made no objection to the financial soundness of the proposition and it was thereupon submitted to the attorney general who expressed doubts on the constitutional features involved. The measure had the indorsement of the leading investment bankers who hold practically all of the state bonds and was hailed with acclaim by the real estate interests who saw some relief from the admittedly excessive direct tax. Owing to the doubts of the attorney general, however, the bill was not pushed to passage at the 1917 session.

To finance an expenditure program of \$78,120,281.27, the legislature estimated the existing sources of revenue and passed new tax legislation as follows:

ESTIMATED RESOURCES TO MEET GENERAL BUDGET
APPROPRIATIONS

Excise tax.....	\$10,250,000.00
Corporation tax.....	13,000,000.00
Organization tax.....	750,000.00
Transfers (inheritance tax).....	12,000,000.00
Stock transfer tax (stamp tax).....	5,000,000.00
Secured debt tax.....	800,000.00
Mortgage tax.....	1,300,000.00
Motor vehicles.....	1,795,000.00
Other revenues and receipts.....	4,126,555.00
Estimated available cash balance, July 1, 1917.....	3,530,894.85

Total Estimated Revenues..... \$52,964,449.85

NEW TAX MEASURES TO MEET THE ADDITIONAL
APPROPRIATIONS

Direct tax (general property tax).....	\$12,843,379.69
Tax on corporate income (state's share).....	20,000,000.00
Increased liquor tax.....	1,500,000.00
Tax on investments (replacing secured debt tax).....	.....
Tax on dividends of investment companies..	.....
Organization tax increased from \$5 to \$10....	.....
Special registration fees for passenger omnibuses.....	.....
Tax on automobile "trailers".....	.....
Tax on dividends of elevated and street railways.....	.....
Increased fees charged by secretary of state..	.....
Taxing fire insurance coupons.....	.....

Approximate Total New Revenues..... \$36,000,000.00

Grand Estimated Total Revenues..... \$88,964,449.85

The imminent possibility of prohibition and the institution of local option make these figures loom large in view of the total

appropriations being \$78,120,281.27. But should local option sweep the state dry or national prohibition take effect due to the necessities of war, the revenues would be cut down by twelve millions. The legislature carefully guarded against this possible diminution in revenue during the coming year 1917-18.

The Passage of the Revenue Bills

The total number of bills introduced which proposed to increase the revenues of the state numbered forty-four. Twelve passed during the session, eight of them during the last four days.

Excluding the Hill-Wheeler Local Option bill which took two months to pass and only went through on the last day of the session, the corporate income tax bill and the supertax on the liquor traffic were the only measures that excited more than passing comment.

The Emerson bill imposed an annual franchise tax of three per centum on the net income of all manufacturing and mercantile corporations. This measure passed the senate on April 27 and was defended by Majority Leader Brown and Senator Mills. The rules were suspended in order to facilitate its speedy passage. Some of the up-state members raised eleventh hour objections although they had agreed to its passage in a previous caucus. They complained that the communities would be deprived of an important source of local taxation without receiving an ample return. "You will have a return of approximately \$8,000,000 from this tax for local needs," replied Senator Mills. "That is like finding so much money, for you are well aware that the personal property tax against these corporations has not been enforced save in exceptional instances." Senator Brown said in part, "This in a sense is a war tax. It will help to keep down the direct tax. It will be no hardship on the corporations which are to be taxed. They will be making net profits in 1918, ten and twenty times in excess of what their net profits were in 1914." The final vote stood 37 to 6. In the assembly, the measure was finally reported out of committee on May 10, the last day of the session. It was amended so that localities should receive $33\frac{1}{3}$ per cent of the total revenues accruing instead of 25 per cent as was provided for in the original bill. The bill was passed immediately for there was no time for debate and returned to the senate for concurrence in the amendment. The senate concurred by a vote of 45 to 4.

The supertax on liquor was fought consistently by the New

York City Democrats, led by Senator Wagner. Within the space of six weeks, the bill was amended thirteen times, Senator Wagner striving in vain to relieve the small saloons and family liquor stores in New York City from the extra tax. It took an emergency message from the governor, finally, to push the bill through the senate on May 9, and the next day the assembly concurred in the measure.

The measures taxing the dividends of investment companies and investments such as bonds, notes, and other obligations were enacted in the middle of the session. They were passed by the short roll-call in the senate with scarcely a single member questioning the bills.

The revenue bill increasing from \$5 to \$10 the minimum amount of the organization tax on corporations passed on May 8. The bill taxing the dividends of elevated and street railways passed on May 3. The tax on fire insurance premiums passed May 4. The bill taxing auto "trailers" passed May 9. And the direct tax on real and personal property to meet the interest and sinking fund charges on state bonds passed on the closing day, May 10. In all, eight of the twelve revenue measures of varying importance were passed during the last four days of the session when time was gold and when the least interruption of the swift course of legislating brought a round of abuse.

CHAPTER X

THE GOVERNOR'S VETO

Constitutional Provisions Relating to Veto Power

The constitution of the state has granted an extensive use of the veto power to the chief executive. The ninth section of Article IV, in addition to bestowing a general power to prevent the enactment of objectionable bills, empowers the governor to veto items in appropriation bills containing more than one item. All bills, vetoed in part or in their entirety, must be returned to the legislature accompanied by a signed statement setting forth the reasons for the executive's action. The constitutional provision respecting the executive veto power follows:

"Every bill which shall have passed the Senate and Assembly shall, before it becomes a law, be presented to the Governor; if he approve, he shall sign it; but if not, he shall return it with his objections to the house in which it shall have originated, which shall enter the objections at large on the journal, and proceed to reconsider it. If after such reconsideration, two-thirds of the members elected to that house shall agree to pass the bill, it shall be sent together with the objections, to the other house, by which it shall likewise be reconsidered; and if approved by two-thirds of the members elected to that house, it shall become a law notwithstanding the objections of the Governor. In all such cases the votes in both houses shall be determined by yeas and nays, and the names of the members voting shall be entered on the journal of each house respectively. If any bill shall not be returned by the Governor within ten days (Sundays excepted) after it shall have been presented to him, the same shall be a law in like manner as if he had signed it, unless the Legislature shall, by their adjournment, prevent its return, in which case it shall not become a law without the approval of the Governor. No bill shall become a law after the final adjournment of the Legislature, unless approved by the Governor within thirty days after such adjournment. If any bill presented to the Governor contain several items of appropriation of money, he may object to one or more of such items while approving of the other portion of the bill. In such case he shall append to the bill, at the time of signing it, a statement of the items to which he objects; and the appropriation so objected to shall not take effect. If the Legislature be in session, he shall transmit to the house in which the bill originated a copy of such statement, and the items objected to shall be separately reconsidered. If on reconsideration one or more of such items be approved by two-thirds of the members elected to each house, the same shall be part of the law, notwithstanding the objections of the Governor. All provisions of this section, in relation to bills not approved by the Governor, shall apply in cases in which he shall withhold his approval from any item or items contained in a bill appropriating money."

In previous years, appropriation bills, both the annual bill and most of the additional money bills, were rushed through the legislature during the last ten days of the session under "gag

rule," distorted by numerous amendments of which only the "insiders" knew anything. The money bills were left to the generous scrutiny of the governor on the supposition that the most brazen of the treasury raids would be foiled by that more responsible gentleman. The executive had thirty days after the adjournment of the legislature wherein to rid the money bills of as many unhealthy humors as time and perspicuity allowed. And during that period the governor was to prove himself no gentle surgeon.

The Effect of the Veto Power on the Annual Appropriation Bill

The Sage-Maier Act of 1916 abruptly terminated this annual "Comedy of Errors." The annual general appropriation bill was changed from a thirty-day bill to a ten-day measure. No longer will it be driven through the legislative chambers by an executive emergency message which instituted the strictest cloture and suspension of the rules. The annual appropriation bill this year was introduced one full month earlier than the previous practice—the fifteenth of March, instead of the last days of April as was the former custom. This insures plenty of time for deliberation and debate. With two full weeks of residence on the legislative calendar, the bill passes to the governor who must return it to the legislature within ten days of its receipt. All the legislature needs to do is to get the bill to the governor ten days before adjournment in order to enjoy the opportunity of reconsidering executive vetoes and passing the bill possibly over the governor's protest by the two-thirds vote. This year the measure was sent to the governor seventeen days after its introduction, for two reasons. First, to enable the governor to return it in ample time for the committees on taxation to adjust the revenue system of the state to the increased expenditures. Second, the legislature was jealous of its power over the budget. It wanted to overrule the vetoes of a governor hostile to its policies.

This time, the governor, in his veto message, said:

"I have approved this bill practically as passed by the Legislature except for certain necessary corrections, a small amount of construction which final investigation showed could be deferred for another year and the legislative items for compensation of officers and employees and for the contingent funds of the Legislature.

"The total of this bill, as I have approved it, is \$60,353,-299.95."

The total of the bill as sent to the governor was only \$48,246,698.86 and, following the vetoes, as the governor approved it, was only \$47,979,920.26. It was evident that the governor considered the appropriations for debt service as included in the general appropriation bill, whereas, only a memorandum on the subject had been printed with the bill as introduced by the joint legislative budget committee. The debt service bill had not been introduced at the time the governor wrote his veto message.

The first six pages of the veto message contained a brief analysis of the bill. The remaining twenty-one pages contained the items not approved and the reasons therefor. The governor cut nearly \$800,000 out of the bill.

The biggest cut in the appropriations was in the legislative division. Compensation of officers and employes, amounting to \$265,000, contingent expenses, amounting to \$125,000, the contingent expenses of the clerks of the senate and assembly, amounting to \$80,000, were vetoed because the appropriations were unitemized, but lump sum appropriations. The governor insisted that they be itemized after the manner of his "Tentative Appropriation Act" of which the legislature had taken no notice.

An item of \$2,400 for the expenses of the first deputy attorney-general was disapproved because it was improperly drawn. The appropriations for the bureau of physical training, amounting to \$62,880 were vetoed because the bureau was not placed under the proper jurisdiction, namely, the military training commission. Under the national guard, appropriations amounting to \$149,700 for field exercises and small arms firing were vetoed because the federal government, the governor thought, would muster the guard into the federal service. The appropriations for the naval militia, amounting to \$15,020, were vetoed for the same reason.

The legislature had appropriated \$800 for personal service in the New York State Training School for Boys, Yorktown Heights. It appropriated money for a cook, but overlooked money with which to buy victuals. This item was disapproved because it was believed the state intended to eliminate this institution from the New York City reservoir watershed. Judgments to the extent of \$75,863.64 were disapproved because the state's liability was not yet determined inasmuch as appeals were pending. Under the department of highways, a sum was appropriated reimbursing Bull and Roberts \$134. The

governor disapproved this item "because there was no evidence produced to prove to me that Bull and Roberts were employed in any capacity in the investigation of the Highway Department." An item for construction of \$4,700 under the State Institute for the Study of Malignant Disease at Buffalo, was vetoed because it was unnecessary. For the same reason a sum of \$2,500 for a new boiler and changes in heating plant of the Fredonia Normal School was disapproved. The New York State School of Agriculture, Cobleskill, informed the governor that a construction item of \$8,000 could be omitted this year, so the appropriation was vetoed. Under the Central Islip State Hospital, a \$3,000 appropriation for two open-air pavilions was vetoed because it did not furnish bed space accommodations for additional patients. A thousand dollar construction item under the St. Lawrence State Hospital was vetoed because there was no necessity for it in the governor's estimation. Finally, under the caption of the "New York Training School for Boys," an item of \$10,000 for engines, generators, etc., and another item for water supply and sewage disposal of \$38,997.99, both re-appropriations, were disapproved because all construction work at that institute had ceased.

Within three hours after the governor's veto message had been transmitted to the legislature the latter repassed all legislative items but allowed the other items to remain vetoed. Upon receipt of the message, the assembly majority went into caucus on the matter. The assembly reconvened within a short time and overrode the governor's veto of the legislative items by a unanimous vote, the clerk calling the "short roll-call" and announcing the vote of 126 ayes and no noes. In the senate, the attempt to repass the vetoed items met with some opposition. An item of \$265,000 for the salaries of the legislators and their assistants was passed 37 to 3 with Senators Burlingame, G. F. Thompson and Wellington voting in the negative. One hundred and twenty-five thousand dollars appropriation for the contingent expenses of the legislature was repassed 39 to 1, with Senator Burlingame in the negative. The expenses of the assembly, \$40,000, received 38 votes to 1. Senator Wellington again recorded himself in the negative. The expenses of the senate, \$40,000, received 38 votes to 2, Senators Burlingame and Wellington opposing. The senate assented to the remaining vetoed items.

The debate on the veto of the legislative items in the senate was scarcely a symposium. The governor's action caused

considerable indignation among both the leaders and the remaining members of the upper house. Senator Sage declared that the governor's itemization of the legislative appropriations was wrong and the legislative budget committee's "lump sum" appropriations were considerably less than those in the governor's tentative appropriation act. Senator E. R. Brown asserted that the power of the legislature to control its own expenditures constituted "the foundation of the state." He complained of the governor's failure to interview either him or Senator Sage before taking action and maintained it was a grave mistake on the part of the executive. "The legislature has the right to appropriate without meticulous supervision," was his concluding remark.

Senator Wellington, in opposing the contemplated repassage of the vetoed items, said in part. "This money isn't our money. It belongs to the people. These items should be itemized so that the public may understand them. It is not a question of our prerogative or our dignity, but a question of judgment. It will be a mistake to pass it over the governor's veto. We employ twenty-six persons for twelve committees. We pay five dollars a day and some of them don't do anything but draw their pay. And yet we say it is none of the public's business." Senator E. R. Brown again defended the "lump sum" method of appropriating, saying, "The doctrine of itemization may be carried to a ridiculous extent." He asked how it was that governor did not itemize his bill calling for half a million to stimulate agricultural production during war times. Senator Wellington parried with "The public will be better satisfied if the appropriations are itemized." In reply, Senator Sage suggested that the recent million dollar appropriation for the organization of the state's military resources was not itemized, and that this bill, too, was sponsored by the governor.

The procedure followed in passing the items of the governor's vetoes was interesting. The president, taking up each legislative item separately, put the question, "Shall this item be a part of the law notwithstanding the objections of the governor thereto?" Then, from the floor came the requests for the reading of the governor's reasons for vetoing the particular item under consideration. The clerk read the reasons, and when he had finished, the chair announced to the senate, "The question is as originally stated by the chair. Clerk will call the roll." After the long roll-call was concluded, the chair announced, "This item is part of the law notwithstanding the objections of the governor

thereto." This process was repeated for each of the vetoed legislative items.

Out of a total of nearly \$800,000 of vetoed items, the legislature repassed \$470,000, all appropriations relating to that body. The remaining items vetoed by the governor were not acted upon; the vetoes were allowed to stand.

"Lump Sum" versus "Segregation"

The clash between the legislature and the governor over the lump sum appropriations for the "legislative division" of the government which were included in the general appropriation bill occurred nine legislative days after the re-passage of the bill by the legislature. In his message to the legislature explaining the reasons for his vetoes, the governor said in part: "I cannot admit that there has been any good reason why the payroll expenditures of the Legislature should have been changed back from the itemized form of my tentative appropriation act to the lump sum form of the items now under consideration." The legislative budget committee in setting up the general appropriation bill followed the highly segregated method used in preparing the governor's tentative appropriation act throughout the bill with the important exception of the appropriations for the legislature which were lumped into large totals of \$265,000, \$125,000, and two \$40,000 items. No supporting schedule was set up to explain these lump sums, but a few lines of print purported to explain the full uses for which the moneys was appropriated.

The point of lump sum appropriations which the legislature insisted upon was correct in principle, but why did not the legislative budget committee carry out the lump sum method throughout the whole bill? The real reason was because Governor Whitman had insisted upon the system of segregation with its long supporting schedules. To turn about, why did Governor Whitman insist so strongly upon segregation of items in the general appropriation bill and yet approve without a murmur bills appropriating millions in the lump for war? The executive did not object to the \$500,000 Food Supply bill and the million dollar Council of Defense bill which Senator Brown and Sage pointed out were "not itemized." The truth was that some of the military bills and parts (though by no means all) of the legislative appropriations could not possibly be segregated. Nothing but the lump-sum method was possible under the circumstances.

The Governor Resents the Overriding of His Veto

Governor Whitman charged that the legislature in overriding his veto of the appropriation bill had violated the spirit of the constitution of the state and put the issue between the law-makers and himself squarely up to the people. In an authorized statement he insisted that of all the state departments the legislature alone had refused to tell the people how it proposed to spend the public money.¹ The statement by the governor to the newspaper correspondents regarding the act of the legislature was in part as follows:

"The Legislature has seen fit to pass over my veto the appropriation in lump sum, for the expenses of the Legislature, thus making it impossible for the people to know where the money expended by the Senate and the Assembly goes. I have done all in my power to redeem the pledges made by the Republican party in the last campaign and by the Governor of this State. The matter now rests with the people. The issue has been clearly made by the Legislature.

"I am unalterably opposed to the position which the Legislature has taken passing with the aid of Democratic votes a measure over the Governor's veto. It is impossible under the measure passed for the public to know how this vast amount of money is to be spent. My only effort has been to make it possible for the citizens of this State to know just where their money goes."

The Truth About the Lump Sum Controversy

As a matter of deciding which is the best way to set up the general appropriation bill, it can be said that both branches of the government were in error. The governor's plan of extreme segregation of items, without adequate means of transfer, is unsound, as the departments, the comptroller and the legislature contend. On the other hand, the legislature's position was not entirely justifiable. The argument that their expenses could not be segregated into schedules because of the varied uses to which the money was put was true only in part. Certainly with respect to the personal service items, segregation could have been employed. The suggestions contained in Chapter V were designed to meet this situation in a manner that would be acceptable to the governor and the legislature and at the same time would constitute a sound budget practice.

¹ New York *Evening World*, April 17, 1917. See also the New York *Evening Sun*, the *Evening Mail*, the *Evening Post*, the *Tribune*, April 18, 1917, and the *Herald*, April 18, 1917.

CHAPTER XI

CONCLUSION

No Diffusion of Fiscal Power

Although the law empowers four separate budget agencies to take part in the making of the budget, it has been noted that this was not the actual procedure followed. At the outset, the two legislative committees, the senate finance and the assembly ways and means committees, joined forces and acted as the "joint legislative budget committee." This cut down the actual number of budget agencies to three, the comptroller, the governor, and the joint legislative budget committee. Still at the beginning of the legislative session for the year 1917, the diffusion of power and the lack of responsible leadership was evident. An investigation of the preparation and compilation of the estimates by the three agencies revealed considerable disorderliness, confusion and waste of energy in the preliminary work of budget-making. All three budget agencies worked independently of one another in compiling the estimates of expenditures and it remained to be seen just what conflicts would arise and how far responsibility would be scattered when the legislature convened for the 1917 session.

After the legislative session got under way, two of the three budget agencies began to exert much less authority and influence than they had at the 1916 session. The comptroller's active participation in the making of the budget ceased. He assumed the position of consulting officer for both the joint budget committee and the tax committees of the legislature. His statement of the estimated expenditures was not acted upon and no motion was made in either chamber of the legislature for the printing of extra copies of it. He passed upon the supply bills and claims which were included in the budget and his estimates of the revenues and advice regarding new taxation were of considerable importance in preparing the revenue program. Still his influence during the session remained mostly of an advisory nature.

The governor wielded less power than the comptroller in the making of the budget. Although his budget bureau published

two thick volumes of figures and a "budget estimate," the legislature did not utilize them except to follow the governor's form in the drafting of the items, and in drafting the emergency bill amounting to \$1,331,000 which was passed at the close of February. His extensive operations in the field of budget-making prior to the opening of the legislative session seemed to antagonize the representative body. This hostility between the executive and the legislative branches of the state government increased as the session continued and the career of the annual appropriation bill from the time of its first passage to the overriding of the executive vetoes fully reflects the bad feeling which existed.

With the comptroller acting as a consulting officer, and the governor handicapped by a hostile legislature, the legislative finance committees practically controlled the making of the 1917 budget. Control over new tax legislation lay with the legislative committees on taxation and retrenchment, which co-operated throughout the session with the joint legislative budget committee in an effort to prepare a symmetrical budget—one in which both expenditures and revenues were supposed to be well balanced.

The Power of the Legislative Committees

Writers have frequently pointed to the fact that our legislatures are not performing the functions of a representative body. With individual initiative and our standing committee system, each standing committee in effect is a small specialized legislature. Bills are referred to them. Hearings are conducted, and in so far as there is any planning, this is done by the committee. Any attempt at co-ordination must be made in the committee room. Measures which have backing are committee measures. No one can be held accountable to the state-wide electorate, each chairman becoming the pilot of his measures through the stage of enactment. The legislature is thus in reality a conglomeration of fifty-nine "little legislatures" each enacting the bills consigned to it. The representative body merely affixes the constitutional stamp of its approval to the bills brought before it by its committees. After the appropriation and taxation committees have drafted the bills and brought them before the house the consideration given to the measures is usually of a perfunctory character. Ninety per cent of the bills enacted by the legislature are passed under the short or the party roll-call. During the closing days of the session

when procedure is swift and ruthless, the power over the enactment of the appropriation and tax bills is wielded in reality by the committees which draft and introduce them. The bills reach the third reading calendar and are called up one after the other and passed so fast that a moment's inattention puts even the alert legislator completely at sea. He loses his place in the calendar and bills escape him for several minutes before he can get track of their course again. By means of the short or party roll-call bills are passed with amazing speed.

During the 1917 session bills were passed as many as thirty-six in the same number of minutes and ninety-six in three hours. In the last ten days five hundred and sixty-five bills were shot through the legislature as out of a gun. During this period, sixty-four appropriation bills, totaling over fifteen millions, were passed. Several times, it happened that a member wandered into the chamber after a smoke in the lobby, asked what bill was before the house, and found that it was one of several for which he himself was sponsor. Such a method of enacting legislation precludes any possibility of wisely and judiciously considering the stream of measures that come pouring out of the committees during the course of the legislative session.

The Governor's Veto of Little Effect

The only weak spots in committee control over the finance program of the state are the liability of the measures to attacks on the floor, provided the members avail themselves of their rights, and the exercise of the veto power. The grand appropriation bill was twice attacked openly by the governor in messages before its final passage. One week after its initial passage by the legislature the governor returned the bill to the representative body for its proper enactment, as already explained, because it contained some "personal and local" items which according to the law necessitated a two-thirds vote for correct passage. The governor was given no substantial support in either chamber and the minority, like Nelson at the Battle of the Baltic, put its blind eye to the telescope and said, "I cannot see the signal." The governor's attempt failed, and the bill passed almost without a dissenting vote.

Another defeat was administered to the governor's budget force when he returned the appropriation bill with items vetoed to the extent of eight hundred thousand dollars. The same

"steam-roller" tactics that were used to meet the preceding attack of the governor were followed by the legislature once again. The appropriations for the legislative activities which the governor vetoed were reinserted in the bill, although the other vetoed items were allowed to drop. Outside of a little storm in the senatorial tea-cup, the overriding of the governor's veto of the legislative items encountered little opposition because of the close co-operation between the minority and the majority members on the question of the "independence" of the legislature.

In regard to the special appropriation bills, the governor made little effort to oppose the wishes of the legislature. Many of the bills were of military significance, and the governor was outspoken for "preparedness." Moreover, special appropriation bills, comprising one item of expenditure only, according to constitutional mandate, had to be vetoed in their entirety, and this fact carried with it its own drawbacks.

In matters of taxation, also, the governor furnished little direction although the revenue program constitutes one half of the business of budget-making. The only legislation which really affected the revenue part of the budget was the Hill-Wheeler Local Option bill. The governor made this measure a moral issue, persuaded the assembly to pass it, fought the recalcitrant senate, and finally obtained the passage of the bill in the closing days of the session. This measure put in jeopardy a revenue of over ten millions yearly. To make good that threatened loss the legislature placed a supertax upon liquor sales and a 3 per cent tax on corporate incomes.

On the other important tax bills, the governor exerted no influence. His attitude was quiescent and the legislature had unobstructed control over the raising of the necessary additional revenues through new legislation. All in all, the governor had about as little influence on the revenue program as he had on appropriations.

A Summary of the Facts

No matter how diffused responsibility may appear in law and political theory, power always gravitates to some one man or group in practical politics. Three budget agencies were authorized by law to prepare the 1917 budget in New York state government, but in reality the comptroller acted only as a consulting officer, while the governor, more powerful through his authority to veto items as well as entire bills, was ignored nearly every

time he tried to co-operate with the legislature in the making of the budget. There remained therefore only the legislature, with its joint legislative budget committee and the committees on taxation. The work of the joint legislative budget committee was done by Senator Sage and Assemblyman Machold, who headed the senate finance and the assembly ways and means committees respectively. These men with the aid of the two clerks of the committees controlled the budget from the beginning to the end. The chairmen of the legislative committees on taxation simply adjusted the taxes to the expenditure program of the joint budget committee, and the legislature affixed the seal of its approval to the budget proposals. Senator Sage and Assemblyman Machold with the two clerks constituted the government *de facto*.

The history of the budget covered about three months. For ten weeks the estimates were examined and reviewed by two heads of the joint budget committee. At the end of that period the general appropriation bill was introduced to the legislature. Up to this point only the two chairmen of the budget committee had any concrete information as to what the bill contained, the legislature knew nothing. After the bill had been placed on the legislative calendar in both houses, no debate took place at all for several days.

In the assembly, the bill remained on the special order of second reading for the five full legislative days and was moved to third reading without discussion. It remained on the third reading calendar for six more days without being called up. Twelve full legislative days after the introduction of the bill it received two hours of aimless discussion and the bill was passed. In the senate, the bill remained for five full legislative days on the general orders calendar—committee of the whole. During that time no discussion ensued. On the fifth day, a half hour of debate took place on the question of moving the bill to third reading. The bill remained on the third reading calendar of the senate for five legislative days, and on the fifth, one hour of debate was devoted to a consideration of the measure. The full time consumed between the introduction and the passage of the bill on the floor of the legislature was two weeks.

While the budget committee spent ten arduous weeks delving into the requests for appropriations, the appropriation bill was before the two chambers only two weeks. Of these two weeks each house took only one day on which to debate a bill, carry

nearly fifty millions in appropriations, and the aggregate time actually consumed in debate by both houses was three hours.

Of critical review and effective publicity there was little. Several of the major departments of the government obtained practically the appropriations which they had requested in their estimates because the information necessary to challenge the requests of the departments could not be obtained by the budget committee. The joint budget committee was handicapped in its examination of the requests for two reasons. The bookkeeping methods used by the state departments are obsolete and defective. No private corporation could run a week employing the accounting system of our state government. But there was a greater obstruction to effective review and publicity of the estimates than a defective system of account. The chiefs and spending officers of departments were not held accountable to the joint budget committee for the management of their departments. These officials are not related to the budget committee at all, and it is extremely difficult to discover to whom they are responsible for their actions.

Consequently the chairmen of the joint budget committee did not have the equipment necessary to cross-examine a departmental chief or spending officer because it is the administrative officers of the government who are responsible for the efficient management of the one hundred and forty departments, and they alone know how the affairs of the state are being conducted. Since there was no working relation between those who administer the funds and those who provide them, many of the requests had to be accepted on faith, and the two chairmen had to use their own judgment in deciding the propriety of the estimated expenditures. Finally, no review of the estimates occurred in the legislature although the "yellow" book of estimates lay on the desks of the members for perusal ten weeks before the general appropriation bill was introduced.

VITA

The author of this monograph was born in London, England, November 28, 1891. He attended the common schools in England and Canada and graduated from the Lafayette High School, Buffalo, N. Y., in 1911. In the fall of that year he entered Hamilton College and received the A. B. degree in 1915. In the fall of that year he entered Columbia University and in 1916 received the A. M. degree in the Faculty of Political Science. Since that date he has continued his work in political science and has been engaged in research work with the New York Bureau of Municipal Research.

